

Auditing Procedures Report

Issued under P.A. 2 of 1988, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input checked="" type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name City of Warren	County Macomb
Fiscal Year End June 30, 2006	Opinion Date January 15, 2007	Date Audit Report Submitted to State January 17, 2007	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

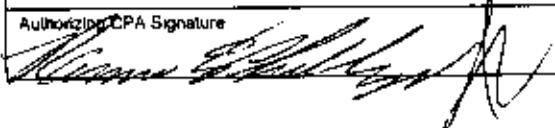
We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES NO Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☒ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☐ ☒ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Ramie E. Phillips, Jr., PC, CPA		Telephone Number (248) 656-1131	
Street Address 1130 Tienken Court, Suite 100		City Rochester Hills	State MI
		Zip 48306	
Authorizing CPA Signature 		Printed Name Ramie E. Phillips, Jr.	License Number 1101007911



City of Warren

MICHIGAN

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2006

PREPARED BY:
CONTROLLER'S OFFICE
RICHARD A. FOX, CONTROLLER

Member of Government Finance Officers Association
of the United States and Canada

City of Warren

MARK A. STEENBERGH
MAYOR



28500 VAN DYKE AVENUE
WARREN, MICHIGAN 48093

ADMINISTRATION

City of Warren was incorporated January 1, 1957, under Act 279, P.A. 1909 as amended (Home Rule Act). The 2000 population per Federal Census, 138,247.

City is administered by a Mayor, Council of nine members, Treasurer and Clerk, all of whom are elected for four year terms.

PRESENT ELECTIVE OFFICERS

(Terms expire November 10, 2007)

MAYOR

MARK A. STEENBERGH

TREASURER

MARILYN MARCHWINSKI-MARROCCO

CLERK

RICHARD P. SULAKA

COUNCIL

JAMES R. FOUTS, *President*
MARY M. KAMP, *Vice President*
KATHY J. VOGT, *Secretary*

MELINDA S. MOORE, *Asst. Secretary*
DONNA L. CAUMARTIN
MICHAEL W. CHUPA

CAROLYN K. MOCERI
KEITH J. SADOWSKI
MICHAEL J. WIECEK

DEPARTMENT HEADS

(Appointed Officials)

RICHARD A. FOX, *City Controller*
PHILIP O. MASTIN III, *City Assessor*
ROBERT VOUGHT, *Fire Commissioner*
JAMES P. VOHS, *Police Commissioner*
GEORGE G. CONSTANCE, *City Attorney*

ROBERT W. SLAVKO, *Public Services Director*
HENRY D. BOWMAN, *Parks and Recreation Director*
EDWIN A. BAYER III, *Planning Director*
DENISE L. WILLIAMS, *Director of Personnel Management*
AMY L. HENDERSTEIN, *Library Director*

CITY OF WARREN, MICHIGAN

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CITY OF WARREN, MICHIGAN

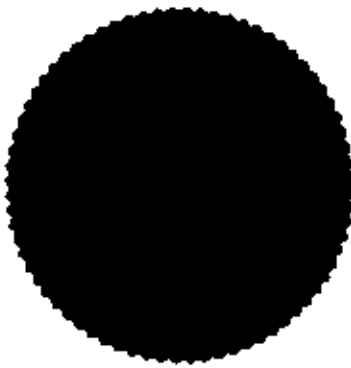
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Warren

City of Progress

Office of the Controller
29500 Van Dyke Avenue
Warren, Michigan 48093
(586) 574-4600

Richard Fox
City Controller

January 15, 2007

To the Honorable Mayor, Members of City Council
and Citizens of the City of Warren

In accordance with City Charter and State Statue, the City of Warren is required to publish a complete set of financial statements presented in conformance with generally accepted accounting principles (GAAP) and audited by a licensed certified public accounting firm in accordance with generally accepted auditing standards. Pursuant to those requirements, the City Controller's Office hereby submits the comprehensive annual financial report of the City of Warren for the fiscal year ended June 30, 2006.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management has established a framework of internal controls that is designed to both protect the City's assets and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements are free of material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by the certified public accounting firm of Ramie E. Phillips, Jr., P.C. The purpose of an independent audit is to provide reasonable assurance that the City's financial statements for the fiscal year ended June 30, 2006 are free of material misstatement. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used; and evaluating the overall financial statement presentation. The City's financial statements have received and "unqualified opinion" from the independent auditor. An unqualified opinion is the best opinion an organization can receive. It indicates that the auditor's examination has disclosed no conditions that cause them to believe that the financial statements are not fairly stated in all material respects. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to compliment MD&A and should be read in conjunction with it. The MD&A can be found immediately following the independent auditor's report.

General Information

The City of Warren was incorporated as a home rule City on January 1, 1957. The City is governed by a nine member Council, Mayor, Treasurer and City Clerk, all of whom are elected to a maximum of three four-year terms. The City encompasses 34.5 square miles (22,080 acres) of the southwestern section of Macomb County where it is adjacent to the City of Detroit. The City's boundaries are Eight Mile Road on the south, Fourteen Mile Road on the north, Dequindre Road on the west and a parallel line running due north from the Gratiot-Eight Mile Road intersection on the east. With a population of 138,247 (2000 census figure), Warren remains the third largest city in the State of Michigan.

Warren is an area rich with ethnic flavor and charm. We are proud of our community, from its rural beginnings to its phenomenal growth and its unique blend of industrial innovation, residential comfort, and educational and cultural opportunities.

General Information (continued)

Unquestionably contributing to the economic vitality of the City is the presence of General Motors Corporation and Daimler-Chrysler Corporation automotive facilities. Warren is proud to be the home of General Motors Technical Center, a 330-acre complex housing General Motors Corporation staff operations; research laboratories, engineering, and design. General Motors Corporation also operates the Hydramatic Plant on a 117-acre site within the city. Daimler-Chrysler Corporation has three major facilities in Warren. Occupying a 224-acre site, this complex includes the Dodge Truck Assembly Plant, a stamping plant and a paint plant. The presence of General Motors Corporation and Daimler-Chrysler Corporation represents approximately 18% of the City's taxable value. General Motors has undertaken an investment in its Technical Center facility in excess of \$1 billion, a further indication of their continued commitment to this community. In the past year, 22 new commercial and industrial development permits and 274 single-family and multiple-dwelling residential permits were issued representing in excess of \$78 million of additional investment in the City.

The South Campus of Macomb Community College, the state's third largest college, is a public college located on a 100-acre site on Twelve Mile Road. The college, which offers courses in liberal arts, general education, allied health, applied technology and public services, is accredited by the North Central Accreditation Association. Davenport University also has a Warren Campus located on Dequindre, north of Eleven Mile Road.

Protecting the lives and property of Warren's citizens is the mission of our public safety departments. The Fire Department strives to ensure that the best fire extinguishment and emergency medical service is available. The Police Department operates an Emergency 911 System to afford residents the quickest possible response to any emergency situation. The City maintains a significant investment in equipment, facilities and personnel to provide our community the comfort of safe neighborhoods.

The mission of the Warren Public Library is to improve the quality of life for the citizens of Warren by providing services and resources that promote educational, cultural, social and economic well being. We strive to be a source of information for lifetime learning and enjoyment. One of our primary goals is to stimulate young children's interest in reading and learning and to encourage literacy among all age groups. The Warren Public Library system will be opening a new Civic Center Library in the next fiscal year. This 35,000 square foot facility will be on the main floor of the new City Hall building. Many amenities make this Library an attractive and desirable place to visit. The Library features a computer lab, self check-out units, private study rooms and an inviting reading room with fireplace. New services such as after hours book pick-up and a drive-up book drop are also available. This new centrally located library will benefit all citizens of Warren. Warren also has three branch libraries. All of the libraries have internet access and word processing capabilities. Adaptive devices are provided for the visually impaired. Each branch has a specialty collection. Burnette Branch has an Irish, New Reader, and Crime Prevention collection. Busch Branch has a large Young adult collection. The Miller Branch located in the Warren Community Center has a large sheet music collection, comfortable lounge seating, study carrels and an aquarium. As a member of the Suburban Library Cooperative, the Warren Libraries provide access for patrons to all library materials in the State of Michigan.

The City of Warren has developed 325 acres into 24 city parks. Halmich Park, the largest of the city parks sits on approximately 80 acres and has four-lighted baseball diamonds, soccer fields, a concession stand and picnic pavilions. The City operates four indoor recreational facilities: the Warren Community Center, Owen Jax Recreation Center, Ridgewood Recreation Center and the Stilwell Manor Senior Drop-In Center. The Warren Community Center opened its doors in 2003. Formerly known as the old "Warren High School", the City purchased the then vacant facility and its adjoining 48 acres from the Warren Consolidated School District and developed it into a state-of-the-art community and recreational centerpiece. The facility houses the Parks and Recreation, Communications Department and City Council offices as well as the Miller Branch of the Warren Public Library. The facility operates a year round aquatics center which includes a 150 foot water slide, a lazy river, play structure and lap pool. In addition there are three gymnasiums, multi-purpose meeting rooms, an auditorium and fitness center. The exterior grounds include a lighted football stadium, walking paths and irrigated soccer fields. With grant assistance from the Michigan Department of Transportation, the Recreation department continues to offer specialized transportation for seniors and special populations. The Parks and Recreation Department offers many year-round recreational programs, including baseball, softball, basketball, volleyball, swimming, bowling, arts and crafts, music, theater and dancing. Programs service pre-school children to senior citizens. Summer concerts are conducted by the City's Cultural Commission and the Parks and Recreation department. The department operates on a voter approved one-mill levy that enables the Parks and Recreation Department to maintain, improve and expand its programs and facilities.

The City's Public Service Department provides a variety of services to the City's residents. Amongst these are weekly garbage collection; street maintenance, including snow and ice removal; building inspections; operation of the Waste Water Treatment Plant and the Water and Sewer System.

Affordable and safe housing is provided to Warren seniors through the operation of its 366 unit Senior Citizen Housing Complex.

Reporting Entity

In conformance with criteria established by the Governmental Accounting Standards Board (GASB), the financial statements report all the funds of the City and its component units. Component units are separately legal entities for which the primary government is financially accountable. The component units of the City include the Tax Increment Finance Authority, Downtown Development Authority and Building Authority. Due to the degree of control exercised by the primary government, its financial relationship with each component unit and the component unit's benefit to the primary government, each component is reported in the accompanying financial statements as blended component units.

Report Organization

The Comprehensive Annual Financial Report was prepared to meet the needs of a broad spectrum of financial statement readers and is divided into the following major sections:

Introductory Section. This section introduces the reader to the City of Warren and to this report. Included in this section is a list of the principal officials, table of contents, this transmittal letter, and the City's organizational chart.

Financial Section. The independent auditor's report, management's discussion and analysis, government-wide financial statements, fund financial statements, notes to the financial statements and required supplemental information is included here.

Statistical Section. Although this section contains substantial financial information, these tables differ from financial statements in that they present some nonaccounting data, encompass more than the current year, and are designed to reflect social and economic data, financial trends and fiscal capabilities of the City. *This year's presentation of the Statistical Section has changed dramatically from prior years due to the full implementation of Government Accounting Standards Board (GASB) Statement No. 40.*

Federal and State Projects Funds Compliance Reports. The City is the recipient of a number of federal and state grants. This section reports to the granting agency how the City has allocated or expended funds relative to the terms and conditions of the grant.

Accounting Systems, Budgetary and Internal Controls

The City's accounting system is organized and operated on a "fund basis". Each fund is a distinct, self-balancing entity created to account for all assets, liabilities, financial resources and uses associated with its intended purpose.

Annual balanced budgets are adopted for all the primary government's General, Special Revenue and Debt Service Funds as required by the Michigan Public Act 621 of 1978, the Uniform Budgeting and Accounting Act. Although not required, budgets were formally adopted for the proprietary funds and Sewage Disposal Plant Expansion Capital Projects Fund to assist management in monitoring operations.

The City Council, by resolution, adopted a budget on a budgetary center basis for all city departments, divisions, boards, commissions and other activities. Budgets for the General, Special Revenue and Debt Service Funds were adopted on the modified accrual basis of accounting consistent with generally accepted accounting principles.

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal controls. Internal control represents the organization's plan of procedures associated with safeguarding assets and maintaining the integrity of financial records and consequently is designed to provide reasonable assurance that:

- transactions are executed in accordance with management's general or specific authorization.
- transactions are recorded as necessary (1) to permit preparation of financial statements in conformity with generally accepted accounting principles, or any other criteria, such as finance-related legal and contractual compliance requirements applicable to such statements, and (2) to maintain accountability for assets.
- access to assets is permitted only in accordance with management's authorization.
- the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

General Governmental Functions

The City provides a full range of municipal services contemplated by statute and charter. This includes police and fire, sanitation, parks and recreation, libraries, public improvements, planning, zoning and general administrative services. These activities are accounted for in the Governmental Funds, consisting of the General Fund, Special Revenue Funds, Debt Service Funds and Capital Project Funds. A description of each fund type and their respective funds is presented below. Significant variances in revenues, expenditures and changes in fund balance compared to the prior fiscal year are discussed below and in the Management's Discussion and Analysis (MD&A) report that follows.

The **General Fund** accounts for all financial resources except those required to be reported in another fund. Information relative to the General Fund's revenues and expenditures are shown below:

General Fund Revenues and Other Financing Sources

	<u>Amount</u>	<u>Percentage of Total</u>	<u>Increase (Decrease) from 2005</u>
Property taxes	\$ 60,386,167	62.4%	\$ 4,006,970
Licenses and permits	2,420,993	2.5	253,542
Intergovernmental:			
Federal revenue	1,604,251	1.7	(796,612)
State revenue	15,919,836	16.5	(28,978)
Local revenue	632,224	0.6	66,040
Charges for services	1,114,413	1.1	142,231
Fines and fees	4,991,922	5.2	267,069
Interest on investments	2,617,658	2.7	1,228,072
Miscellaneous	<u>7,011,128</u>	<u>7.2</u>	<u>1,914,730</u>
Sub-total	96,698,592	99.9	7,053,064
Transfers from other funds	<u>110,000</u>	<u>0.1</u>	<u>(745,000)</u>
Total	<u>\$ 96,808,592</u>	<u>100.0</u>	<u>\$ 6,308,064</u>

Approximately \$2.5 million of the \$4.0 million increase in property taxes was attributable to a voter approved millage increase of 0.75 mills for Police and Fire Pensions. The balance was attributable to an increase in taxable property values. State Shared revenues decreased once again during the fiscal year. Even though the reduction was modest compared to recent years, it continues to negatively impact the City's operations. Sales Tax distributions were \$159,000 less than the prior fiscal year, following reductions of \$163,000 in fiscal year 2005, \$1,683,000 in fiscal year 2004, \$949,000 in fiscal year 2003 and \$1,412,000 in fiscal year 2002. Rising interest rates accounted for the increase in investment revenue of \$1,228,000 as compared to the prior year. A sale of city-owned property in the amount of \$1.7 million was the major factor contributing to the increase in miscellaneous revenue.

General Fund Expenditures and Other Financing Uses

	<u>Amount</u>	<u>Percentage of Total</u>	<u>Increase (Decrease) from 2005</u>
General government	\$ 25,555,753	28.0%	\$ 3,074,739
Public safety	56,883,739	62.4	4,746,305
City development	4,791,022	5.3	(179,346)
Highways and streets	2,395,887	2.6	53,579
Recreation and culture	32,874	0.1	(2,318)
Debt service	<u>309,224</u>	<u>0.3</u>	<u>(177,401)</u>
Sub-total	89,968,499	98.7	7,515,558
Transfers to other funds	<u>1,145,675</u>	<u>1.3</u>	<u>(17,174,054)</u>
Total	<u>\$ 91,114,174</u>	<u>100.0</u>	<u>\$ (9,658,496)</u>

General government expenditures increased primarily due to the settlement of a lawsuit in the amount of \$1.87 million. The full amount of this settlement was reserved at June 30, 2005. The increase in public safety expenditures was the result of the City's contribution rate to Police and Fire Retirement System increasing from 5.78% in fiscal year 2005 to 21.79% in the current year. Transfers to other funds reduced significantly due to a one-time transfer in fiscal year 2005 to the Police and Fire Retiree VEBA Trust in the amount of \$17.1 million which represented the City's initial funding of the Plan.

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The Special Revenue Funds of the City include:

The **Michigan Transportation Operating Funds – Major and Local Roads**. Michigan's Act 51 of 1933, as amended, allocates gas and weight taxes to build and maintain roads, road sides and storm sewers, remove snow and control traffic flow.

The **Sanitation, Parks and Recreation**, and **Library Funds** account for the receipt of dedicated property taxes levied and other resources received specifically for the operation of the respective programs.

The **Community Development Block Grant Program** makes available federal funds to eligible families through direct assistance and neighborhood revitalization.

The **Home Investment Partnership Fund** makes available federal funds to expand the supply of decent and affordable housing for low and moderate-income households.

The **Housing Opportunities for Persons With Aids Fund** makes available federal funds to provide eligible families with decent, safe and affordable housing and related support services.

The **Tank Plant Redevelopment Fund** accounts for the purchase of the former Detroit Arsenal Tank Plant from the United States Department of Army and the subsequent redevelopment and sale of property at this site.

The **Communications Fund** was established to account for fees received under provisions of cable television franchise agreements. These fees are to be used for local programming and certain other uses.

The **Rental Ordinance Fund** was established to provide regulation and enforcement of minimum residential rental property standards to protect the health, welfare and safety of the occupants, the property owners and the community. Biennial inspections of residential rental properties are funded through fees collected from the property owners and Community Development Block Grant funds.

The **Vice Crime Confiscation Fund** and **Drug Forfeiture Fund** accounts for funds received from confiscation or restitution received from vice crime and drug enforcement operations. These funds must be used exclusively for on police operations.

The **Police Training Fund** accounts for receipt of funds from the State of Michigan to be used exclusively for police training.

Changes in fund balances of the Special Revenue Funds are as follows:

	Fiscal 2006 Fund <u>Balance</u>	Fiscal 2005 Fund <u>Balance</u>	Increase (Decrease) Over Prior Year
Michigan Transportation Operating -			
Major Roads	\$ 7,856,159	\$ 7,944,522	\$ (88,363)
Local Roads	2,334,221	2,213,633	120,588
Sanitation	4,791,103	3,948,130	842,973
Recreation	3,249,691	2,879,738	369,953
Library	881,307	684,770	196,537
Community Development			
Block Grant	17,838	95,329	(77,491)
HOME Investment Partnership	932,632	555,237	377,395
H.O.P.W.A.	100	100	-
Tank Plant Redevelopment Fund	120,059	2,181,326	(2,061,267)
Communications	1,969,261	2,192,337	(223,076)
Rental Ordinance Fund	46,856	70,891	(24,035)
Vice Crime Confiscations Fund	118,294	87,048	31,246
Drug Forfeiture Fund	528,206	490,642	37,564
Police Training Fund	<u>117,859</u>	<u>97,342</u>	<u>20,517</u>
Total	<u>\$ 22,963,586</u>	<u>\$ 23,441,045</u>	<u>\$ (477,459)</u>

Please refer to the Management's Discussion and Analysis report for explanation of any significant variances shown above.

Debt Service Funds and Debt Administration

The debt service funds, unique to governmental funds, are used to account for the accumulation of financial resources for the periodic payment of principal and interest on long-term debt. Inflows of financial resources from those funds responsible for the payment of principal and interest are recorded as "operating transfers in". The actual payment for both principal and interest to the paying agent are reported as expenditures in the debt service funds. With the exception of the Chapter 20 and 21 Drain Bond Fund and Special Assessment Debt Fund, fund balance in the remaining debt service funds is normally minimal or non-existent.

GAAP, as it pertains to long-term debt, varies substantially between the governmental funds and proprietary funds. In the governmental funds, under the modified accrual accounting method, the issuance and payment of long-term debt is reported in the Statement of Revenues, Expenditures and Changes in Fund Balance; as it represents receipt and disbursement of current available financial resources. In the proprietary funds, under the full accrual accounting method, issuance and payment of long-term debt is reflected on the Statement of Net Assets; as it neither improves nor deteriorates the City's overall financial condition.

Principal and interest expenditures reported in the debt service funds for the fiscal year ended June 30, 2006 as compared to the prior year is as follows:

	<u>2006</u>	<u>2005</u>	<u>Increase (Decrease)</u>
Chapter 20 and 21 Drain Bonds	\$ 699,510	\$ 624,430	\$ 75,080
Michigan Transportation Bonds	2,117,152	2,173,533	(56,381)
Special Assessment Bonds	958,394	744,437	213,957
Tax Increment Finance Authority	208,825	215,265	(6,440)
Building Authority Bonds	1,952,957	1,974,984	(22,027)
Downtown Development Authority (1)	<u>4,133,876</u>	<u>2,169,562</u>	<u>1,964,314</u>
Total	<u>\$ 10,070,714</u>	<u>\$ 7,902,211</u>	<u>\$ 2,168,503</u>

(1) For the nineteen months ended June 30, 2006

The City's current bond ratings as supplied by Standard and Poors is as follows:

Michigan Transportation Bonds	AA-
Special Assessment Bonds	AA-
Tax Increment Finance Authority Bonds	AA-
Building Authority Bonds	AA-
Downtown Development Authority Bonds	AA-
Water and Sewer Revenue Bonds	A

The Mayor, City Council and citizens of Warren can be proud of the City's financial condition, representative of the favorable ratings from Standard and Poors. Warren's bond ratings indicate that the City's bonds are of sound investment grade quality, and that the City has a strong capacity to pay principal and interest when due. In addition, the City's favorable ratings allow the City to issue debt at attractive interest rates, providing funds for City services rather than debt service.

For a more comprehensive analysis of the City's long-term debt, please refer to Note 5 and Note 7 to the financial statements, as well as the debt service schedules presented in the statistical section.

Capital Projects Funds

Financial resources to be used for the acquisition and/or construction of major capital improvements are accounted for in Capital Projects Funds. The Capital Projects funds of the City include:

The **37th District Court Building Renovation Fund** accounts for the accumulation of court collected fines dedicated towards the renovation of the 37th District Court Building.

The **Special Assessment Funds** account for construction programs where the primary source of revenue to fund the project is special assessments levied against the benefiting properties. The citywide Sidewalk Replacement and Tree Removal Program is reported as a special assessment fund.

The **Michigan Transportation Construction Funds** account for major road improvement projects financed through the issuance of Michigan Transportation Construction Bonds.

The **Sewage Disposal Plant Expansion Fund** accounts for major capital improvements at the Waste Water Treatment Plant financed through the sale of general obligation bonds.

The **Downtown Development Authority Construction Fund** was established pursuant to Act 197 of the Michigan Public Acts of 1975, as amended, to prevent property value deterioration, eliminate the causes of that deterioration, increase property tax valuation where possible and improve the economic growth in the business district of the City. The construction fund accounts for capital expenditures within the district primarily funded through the issuance of development bonds.

Capital Projects Funds (continued)

The **Tax Increment Finance Authority** was established pursuant to Act 450 of the Michigan Public Acts of 1980 to prevent urban deterioration, encourage economic development and historic preservation in the area of the Van Dyke Avenue corridor between Eight Mile Road and Stephens. Primary sources of revenues to the Authority are in the form of tax increments, and in addition, the Authority has the power to issue debt.

The **Building Authority** was established pursuant to the provisions of Act 31 of the Public Acts of Michigan of 1948, as amended, to account for the costs of acquisition, furnishing, and operation of buildings, facilities and site improvement projects constructed for the benefit of the City. The primary source of revenue to the Authority is the issuance of debt.

Changes in fund balances of the Capital Projects Funds are as follows:

	Fiscal 2006 Fund <u>Balance</u>	Fiscal 2005 Fund <u>Balance</u>	Increase (Decrease) Over Prior Year
Court Building Renovation Fund	\$ 1,007,891	\$ 376,773	\$ 631,118
Special Assessment Funds	3,628,748	2,796,414	832,334
Michigan Transportation Construction	1,336,462	4,160,787	(2,824,325)
Sewage Disposal Plant Expansion	96,828	96,828	-
Downtown Development Authority	23,526,874	40,423,474	(16,896,600)
Tax Increment Finance Authority	935,468	1,206,505	(271,037)
Building Authority	<u>1,678,030</u>	<u>4,994,770</u>	<u>(3,316,740)</u>
Total	<u>\$ 32,210,301</u>	<u>\$ 54,055,551</u>	<u>\$(21,845,250)</u>

A decreasing fund balance in the Capital Projects Funds does not necessarily reflect any inherent weakness. In most cases, this represents expending resources previously received through the issuance of debt, dedicated towards constructing or acquiring assets that are capital in nature. Conversely, an increase in fund balance in the Capital Projects Funds generally denotes an infusion of resources that have not yet been expended for the purpose intended.

Please refer to the Management's Discussion and Analysis report for explanation of any significant variances shown above.

Proprietary Fund Types

Water and Sewer System

Water and Sewer operations for the fiscal year ending December 31, 2005, resulted in operating income, before depreciation of \$3,886,891 on operating revenues of \$30,329,100. Non-operating items, consisting primarily of interest on long-term debt, accounted for an additional \$1,233,917 of expense for a System net gain of \$2,652,974 before depreciation. With the inclusion of non-cash depreciation expense of \$4,039,998, the net System loss for the fiscal year amounted to \$1,387,024.

Prudent management practices should be employed to assure that future operational and debt service costs are met. The objective should be to generate sufficient revenues to offset the non-cash depreciation expense with such funds appropriated for long term capital improvements.

Senior Citizen Housing

The operating income for the Senior Citizen Housing complex, net of depreciation in the amount of \$265,699, was \$597,367 for the fiscal year ended June 30, 2006, on operating revenues of \$2,081,469. Operating revenues net of non-operating revenues and expenses resulted in net income of \$372,621. Net income for fiscal year 2006 was comparable to the previous fiscal year's operations.

A comprehensive plan promoting development of senior housing in our community is essential. Additional units for our seniors may be pursued if demand necessitates the construction of another facility.

Fiduciary Funds

Pension and Other Employee Benefit Trust Funds

The City of Warren sponsors two separate defined benefit single-employer pension plans; the first covering policemen and firemen under Act 345 of the State of Michigan, while the second system covers all other elected and general "full-time" employees. For the fiscal year ended June 30, 2006, the City contributed 21.79% and 37.68% respectively of earned payroll as determined by the City's actuary. Please refer to the notes to the financial statements for a detailed discussion of the plans. Related schedules of funding progress and contributions are presented as required supplementary information.

The latest collective bargaining agreement for employees who were members of the City Employees' Retirement System Defined Benefit Plan, included a provision for participation in a Defined Contribution Plan. Employees at the time of ratification were given the option of transferring to the Defined Contribution Plan or remain in the Defined Benefit Plan. For employees electing to transfer, the City will contribute fifteen percent (15%) of wages to the employees' account. The employee will be required to make a contribution of three percent (3%). Employees hired after the ratification date of their respective contract will automatically be enrolled in the Defined Contribution Plan. The City will contribute ten percent (10%) of wages on behalf of these employees and the employee will be required to make a contribution of four percent (4%).

These collective bargaining agreements also address the issue of retiree health insurance. Prior to these agreements, the City generally paid 100 percent of the cost of retiree health insurance when an employee was eligible to receive regular service or deferred retirement benefits. Effective with these contracts, employees hired after ratification may be responsible for payment of a share of their retiree health insurance dependant upon meeting certain age and service time requirements. The most recent bargaining agreements have now introduced Health Retirement Accounts for new hires. Under this plan, the City will contribute 1% of wages and the employee will contribute 1% to 5% of wages into the plan. These employees will no longer be provided health benefits under the City's existing plans

In an effort to fund the accrued liability for post-employment healthcare benefits, the City has established two Voluntary Employee Benefit Association (VEBA) Trusts - one administered by the City Employees' Retirement System, the other administered by the Police and Fire Retirement System for the benefit of their respective members. The trusts are designed to accumulate sufficient assets to fund the payment of post retirement health benefits as they become due. Contributions to the trust are actuarially determined. For fiscal year 2006, contribution rates for the City Employees VEBA Trust and Police and Fire VEBA Trust were 23.02% and 13.44%, respectively.

CASH MANAGEMENT

Idle cash in all funds, excluding the Pension and VEBA Trust funds, is invested in certificates of deposit and governmental investment pools. Interest income for the governmental funds and proprietary funds for the current fiscal year was \$5.4 million; an increase of \$2.8 million from the prior fiscal year. This increase is due to higher interest rates in the current year as compared to the historic low rates evidenced in the previous year.

Due to the amount of cash deposits and the limitations of FDIC insurance coverage, it is impossible to insure all deposits. In the State of Michigan, municipalities are not required to insure all bank deposits; however, the City evaluates each financial institution it deposits funds with and assesses the level of risk of each institution. Only those institutions with an acceptable estimated risk level are used as depositories.

The City instituted a cash management system with Comerica Bank. Comerica will be the primary depository for all governmental and proprietary funds. This program has enabled the City to consolidate accounts, streamline movement of funds between accounts, maximize investment income and manage the associated costs.

ECONOMIC OUTLOOK

The local economy of Southeastern Michigan is directly tied to the auto industry. The City of Warren is representative of this with the presence of General Motors, Daimler-Chrysler and numerous automotive suppliers. Even though the auto industry and the economy in general have been weak, property taxes, the main source of revenue to the City, have continued to increase annually. However, the City continues to realize reductions in state shared revenues from the collection of state sales tax. To minimize the effects of these reductions, vacant positions for the most part have remained unfilled or cut from the budget.

MAJOR INITIATIVES

The Downtown Development Authority (D.D.A.) has undertaken a major redevelopment of the City Center area. Phase I became reality with completion of the new municipal office building, attached parking garage, and the two-acre City Square. These facilities will serve as the focal point for community services and events in the downtown area. The D.D.A.'s multi-year plan continues with the ultimate goal of creating a "Downtown Warren": complete with high-density residential housing and commercial development ringing the City Center. The Downtown Development Authority has issued \$75 million of bonds to finance the initial phase of this project.

The City continues to undertake major and local road projects to either improve pavement conditions or traffic flows in our community. Road projects can be funded solely by the City, through use of its state shared state gas and weight taxes, or jointly with participation from the Michigan Department of Transportation or Macomb County Road Commission. Major widening, resurfacing and watermain replacement projects are currently underway along Nine-Mile and Stephens Roads.

The City has aggressively continued its program for replacing broken and hazardous sidewalks and the removal of nuisance trees throughout the city. Financing for this project has come via transfers from the Tank Plant Redevelopment Fund and the issuance of Special Assessment Bonds.

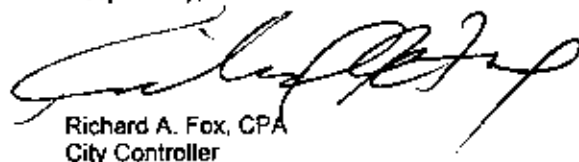
Within the boundaries of the Downtown Development Authority (DDA) resides the property formerly known as the "Detroit Arsenal Tank Plant". The City purchased this 153-acre site from the United States Department of Army in 1998 at a cost of \$5.925 million with the intention of redeveloping the site. The City, in coordination with various state and federal agencies, invested in excess of \$10 million in infrastructure improvements at this site. The State of Michigan designated the former Tank Plant property as a "Renaissance Zone", effectively providing companies relocating to this site with a tax-free status for a period of twelve years. The net effect to the City has been the realization of approximately \$41 million in proceeds from the sale of the property for private development and redevelopment. Just as important, what was an abandoned and aging industrial site is now home to new and refurbished industrial, technical and education facilities within the very heart of the city. Residual proceeds from the project have assisted the City in financing the construction of the Warren Community Center, the Sidewalk Replacement and Tree Removal Program, and also provide partial advance funding of the City's compensated absences and retiree health care liabilities. Full redeployment of this site is nearing completion.

General Motors continues its \$1 Billion redevelopment of its Technical Center facility. In addition, General Motors sold 300 acres of property adjacent to the Tech Center on the west side of Mound Road. Commercial and residential development of this site is currently in progress. Both of these developments reside within the boundaries of the DDA and should generate further investment in the area as well as significant tax revenues to finance the projects undertaken by the DDA within the City Center / Downtown District.

ACKNOWLEDGMENTS

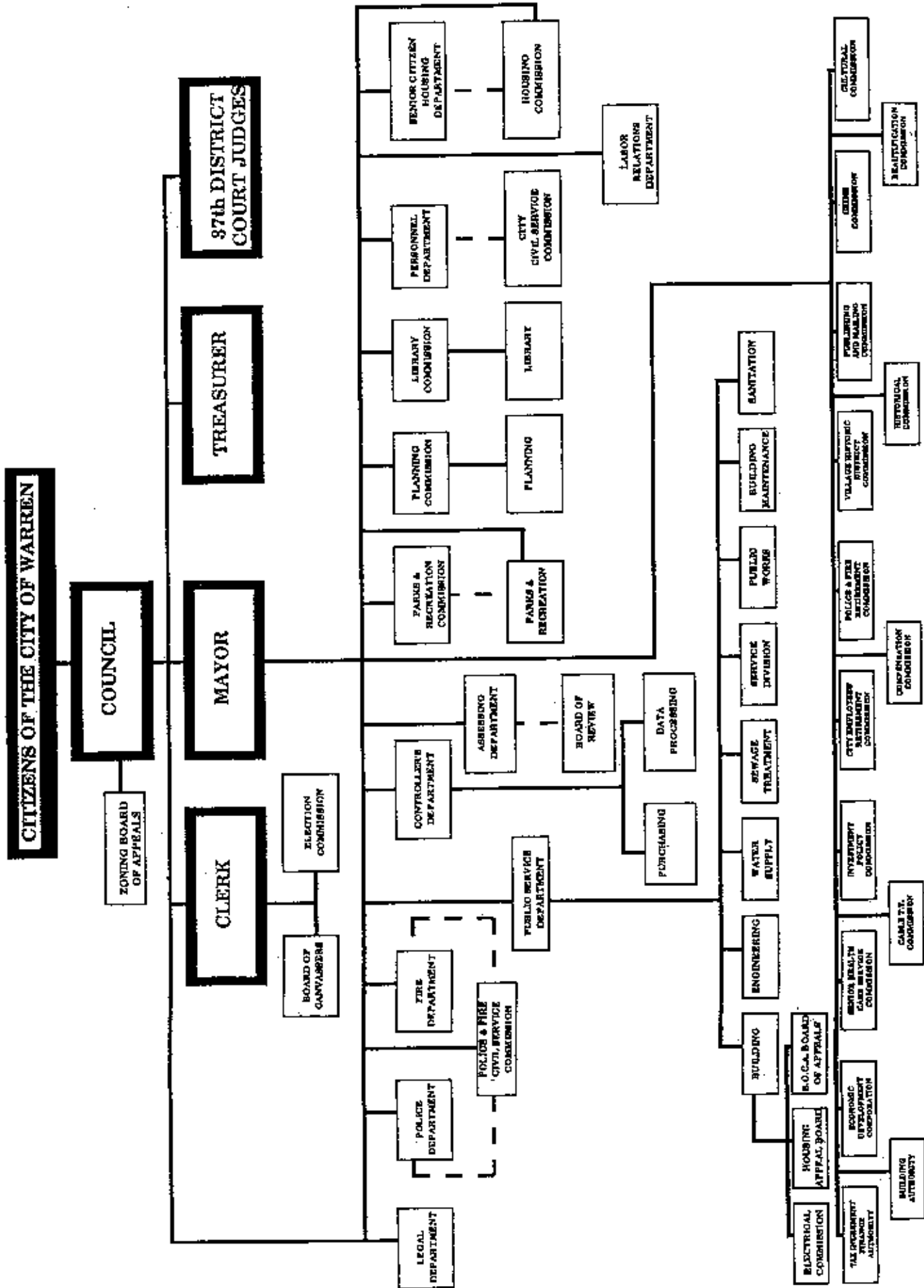
The preparation of this report could not be accomplished without the efficient and dedicated services of the entire staff of the Controller's Office. The implementation of Governmental Accounting Standards Board (GASB) Statement No. 34 and a series of GASB Statements subsequent to this have represented the most comprehensive series of changes experienced by current practitioners of governmental accounting. A significant investment in time and resources has been expended to submit this report in full compliance with these Statements. I would like to express my sincere appreciation to all members of the Department who assisted and contributed so greatly to its preparation. I would also like to thank your office and members of the Warren City Council for your interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully,



Richard A. Fox, CPA
City Controller

CITY OF WARREN, MICHIGAN ORGANIZATION CHART





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Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council of
the City of Warren, Michigan

I have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Warren, Michigan as of and for the year ended June 30, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Warren's management. My responsibility is to express opinions on these financial statements based on my audit. I did not audit the financial statements of the Police and Fire Retirement System and the Police and Fire Retirement Health Benefits Plan and Trust, which collectively represents 68 percent and 61 percent, respectively, of the assets and revenues of the Fiduciary Funds. Those financial statements were audited by other auditors whose report thereon has been furnished to me, and my opinion, insofar as it relates to the amounts included for the Police and Fire Retirement System and the Police and Fire Retirement Health Benefit Plan and Trust, is based on the reports of the other auditors.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Accounting Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit and the reports of other auditors provide a reasonable basis for my opinions.

In my opinion, based on my audit and the reports of other auditors, the financial statements, referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Warren, Michigan as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 1 through 12 and the budgetary comparison information on pages 81 through 142 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Warren basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the City of Warren. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I express no opinion on them.

In accordance with *Government Auditing Standards*, I have also issued my report dated January 15, 2007, on my consideration of the City of Warren's internal control over financial reporting and on my test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

January 15, 2007



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Report on Compliance and Internal Control Over
Financial Reporting Based on an Audit of Financial Statements
Performed in Accordance With Government Auditing Standards

To the Members
of the City Council
City of Warren, Michigan

I have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Warren as of and for the year ended June 30, 2006, which collectively comprise the City of Warren's basic financial statements and have issued my report thereon dated January 15, 2007. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the City of Warren's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide opinion on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Warren's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my test disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the management, Warren City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

January 15, 2007



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**Report on Compliance With Requirements Applicable to Each Major Program
and on Internal Control Over Compliance in Accordance With OMB Circular A-133**

To the Members
of the City Council
City of Warren, Michigan

Compliance

I have audited the compliance of the City of Warren with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2006. The City of Warren's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Warren's management. My responsibility is to express an opinion on the City of Warren's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Warren's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of the City of Warren's compliance with those requirements.

In my opinion, the City of Warren complied in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

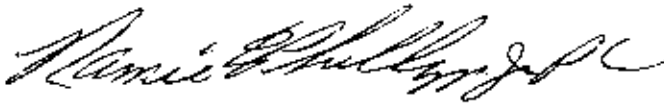
Internal Controls Over Compliance

The management of the City of Warren is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered the City of Warren's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

City of Warren, Michigan

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of the management, Warren City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Ramie Phillips". The signature is fluid and cursive, with a large initial "R" and "P".

January 15, 2007

CITY OF WARREN, MICHIGAN

MANAGEMENT DISCUSSION AND ANALYSIS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF WARREN, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2006

This section of the City of Warren's annual financial report presents financial performance for the fiscal year ended June 30, 2006. Please read it in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

The discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position, (d) identify any material deviations from the City's approved budget, and (e) identify individual fund issues or concerns.

Financial Highlights

- The taxable value of real and personal property within the City increased by \$146 million from the prior year. Property tax revenues increased \$5.25 million due primarily to a voter-approved 0.75 mill increase in the Police and Fire Pension millage and to a lesser extent, the rise in taxable values.
- The City realized proceeds of \$1.7 million from the sale of city-owned property.
- The City was awarded a State Homeland Security Grant in the amount of \$551,000.
- The City of Warren Building Authority and Water and Sewer System each issued refunding bonds during the year. The net present value savings to the City was \$236,863 and \$518,901, respectively.
- State shared sales tax distributions decreased by \$164,000 from the previous year to \$14.5 million. This represents the sixth consecutive year of decreases and an annual reduction of \$4.8 million from the \$19.3 million received in fiscal year 2000.
- Concurrent with the reduction in State shared sales tax distributions since fiscal year 2000, employee and retiree self-insured medical claims have risen dramatically over the same period of time. Claims in fiscal year 2006 increased \$1.4 million or 8.4% over the prior year. Even though this represents an improvement over the double-digit increases of recent years, annual self-insured medical claims are currently \$8.3 million or 87.9% higher than was evident just six years ago.

Overview of the Financial Statements

The City of Warren's annual report consists of three components: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two types of statements that present different views of the City:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the City's operations in more detail than the government-wide financial statements.
 - The governmental funds statements tell how general government services such as public safety, recreation and sanitation were financed in the short term as well as what remains for future spending.
 - Proprietary fund statements offer short-term and long-term financial information about the activities the government operates like businesses, such as the Water and Sewer System and Senior Citizen Housing.
 - Fiduciary fund statements provide information about the financial relationships – such as the retirement plans for City employees – in which the City acts solely as a trustee or agent for the benefit of others, to whom the resources belong.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements.

CITY OF WARREN, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2006

Figure A-1 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the contents of each of the statements.

<p style="text-align: center;">Figure A-1 Major Features of the Government-wide and Fund Financial Statements</p>				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire City government, except fiduciary funds	The activities of the City that are not proprietary or fiduciary, such as public safety, recreation and sanitation	Activities the City operates similar to private businesses, such as the Water and Sewer System and Senior Citizen Housing	Instances in which the City is the trustee or agent for someone else's resources, such as the retirement plans for City employees
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses, and changes in net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset and liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term
Type of inflow and outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

Government-wide financial statements. The government-wide financial statements are designed to report information about the City as a whole using accounting methods similar to those used by private-sector companies.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. To assess the City's overall health, additional non-financial information such as the City's property tax base, demographics, and condition of capital assets, including infrastructure also needs to be considered.

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The statement of activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and other intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities)

The government-wide financial statements can be found on pages 13 – 16 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Warren, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The focus of the new reporting model is on major funds. A major fund is defined as a fund whose revenues, expenditures / expenses, assets, or liabilities (excluding extraordinary items) are at least 10 percent of corresponding totals for all governmental or enterprise funds and at least 5 percent of the aggregate amount for all governmental and enterprise funds for the same item. In addition, any other governmental fund or enterprise fund that management believes is particularly important to financial statement users (because of public interest or consistency) may be reported as a major fund. *The City has elected to report all governmental and proprietary funds as major funds in the fund financial statements. This election was made to provide the City's elected officials, department heads, financial administrators and other users a greater degree of detailed financial information to manage and evaluate the City's operations.*

The basic governmental fund financial statements can be found on pages 17 – 40 of this report.

Proprietary funds. Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information. Enterprise funds, a type of proprietary fund, are used to report the same functions presented as business-type activities in the government-wide financial statements, but provide more information and greater detail, such as cash flows. The City uses enterprise funds to account for its Water and Sewer System and Senior Citizen Housing operations

The basic proprietary fund financial statements can be found on pages 41 – 45 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. For example, the City is the trustee, or fiduciary, for its employees' pension and post-employment health insurance plans. All of the City's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. The accounting method used for fiduciary funds is much like that used for proprietary funds. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's programs.

The basic fiduciary fund financial statements can be found on pages 46 – 47 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 48 – 80 of this report.

Required supplementary information. In addition to the basic financial statements and accompanying notes, this report also presents budget-to-actual comparisons and information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 81 – 149 of this report.

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Financial Analysis of the City as a Whole

Net assets. As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The City's assets exceeded liabilities by \$208.7 million at the close of the most recent fiscal year, an increase of \$5.0 million as compared to the prior year.

A component of the City's net assets is its investment in capital assets (57.8 percent), which are reported net of accumulated depreciation and reduced by any outstanding debt used to acquire those assets. The City uses these assets to provide services to citizens and consequently these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay the debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Another component of net assets (24.5 percent) represents resources subject to restrictions on their use as imposed by external parties or enabling legislation. The remaining balance, being unrestricted net assets (17.7 percent), may be used to meet the City's ongoing obligations to its citizens and creditors.

Total net assets in the governmental activities increased during fiscal year 2006 by \$6.0 million or 5.0 percent to \$125.9 million. Investment in capital assets net of related debt increased by \$1.7 million from the prior year. During the current fiscal year, the City invested \$2.8 million in new and ongoing road construction projects through the Michigan Transportation Funds. Simultaneously, \$1.5 million of associated debt was paid down thereby increasing the City's net investment in infrastructure assets. The City also expended an additional \$3.3 million towards completing an upgrade of its Emergency 911 system which was funded primarily through a federal grant. Restricted net assets decreased \$0.7 million in the current year. Components of restricted net assets reporting significant changes from the prior year include: an increase of \$1.2 million in Recreation and Culture, a decrease of \$1.4 million in Economic Development, and a decrease of \$1.6 million restricted for Capital Projects. Unrestricted net assets increased \$5.1 million primarily from general fund operations. Further discussion of the general fund appears later in this section under the heading of "Financial Analysis of the City's Funds".

Total net assets in the business-type activities decreased by \$1.0 million or 1.2 percent to \$82.8 million. The Water and Sewer System realized a \$153,000 operating loss in the current year as compared to a \$2.4 million operating loss in the previous year. The improvement was primarily due to an increase in water sales.

**Table A-1
Net Assets**
(in millions of dollars)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2006	2005	2006	2005	2006	2005	2005-2006
Current and other assets	\$ 133.9	\$ 151.8	\$ 42.7	\$ 46.0	\$ 176.6	\$ 197.8	(10.7)%
Capital assets	<u>141.9</u>	<u>108.2</u>	<u>114.8</u>	<u>107.6</u>	<u>256.7</u>	<u>215.8</u>	19.0 %
Total assets	<u>275.8</u>	<u>260.0</u>	<u>157.5</u>	<u>153.6</u>	<u>433.3</u>	<u>413.6</u>	4.8 %
Long-term liabilities	129.6	120.6	57.8	52.3	187.4	172.9	8.4 %
Other liabilities	<u>20.3</u>	<u>19.5</u>	<u>16.9</u>	<u>17.5</u>	<u>37.2</u>	<u>37.0</u>	0.5 %
Total liabilities	<u>149.9</u>	<u>140.1</u>	<u>74.7</u>	<u>69.8</u>	<u>224.6</u>	<u>209.9</u>	7.0 %
Net assets:							
Invested in capital assets, net of related debt	62.9	61.2	57.8	58.6	120.7	119.8	0.8 %
Restricted	32.9	33.7	18.2	17.6	51.1	51.3	(0.4)%
Unrestricted	<u>30.1</u>	<u>25.0</u>	<u>6.8</u>	<u>7.6</u>	<u>36.9</u>	<u>32.6</u>	13.2 %
Total net assets	<u>125.9</u>	<u>119.9</u>	<u>82.8</u>	<u>83.8</u>	<u>208.7</u>	<u>203.7</u>	2.5 %

CITY OF WARREN, MICHIGAN
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Table A-2
Changes in Net Assets
(in millions of dollars)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2005-2006
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	
Revenues:							
Program revenues:							
Charges for services	\$ 14.6	\$ 12.7	\$ 32.4	\$ 29.0	\$ 47.0	\$ 41.7	12.8 %
Operating grants and contributions	12.4	12.9	-	-	12.4	12.9	(3.9) %
Capital grants and contributions	5.2	4.8	-	-	5.2	4.8	8.3 %
General revenues:							
Property taxes	83.4	74.9	-	-	83.4	74.9	11.4 %
Other taxes	15.7	15.9	-	-	15.7	15.9	(1.3)%
Other	<u>5.2</u>	<u>1.7</u>	<u>0.7</u>	<u>0.3</u>	<u>5.9</u>	<u>2.0</u>	195.0 %
Total revenues	<u>136.5</u>	<u>122.9</u>	<u>33.1</u>	<u>29.3</u>	<u>169.6</u>	<u>152.2</u>	11.4 %
Expenses:							
General government	20.2	17.6	-	-	20.2	17.6	14.8 %
Public safety	56.0	50.5	-	-	56.0	50.5	10.9 %
City development	4.9	5.1	-	-	4.9	5.1	(3.9)%
Highways and streets	10.7	10.9	-	-	10.7	10.9	(1.8)%
Recreation and culture	11.0	11.1	-	-	11.0	11.1	(0.1)%
Sanitation	8.2	8.0	-	-	8.2	8.0	2.5 %
Economic development	9.3	0.9	-	-	9.3	0.9	933.3 %
Community development	2.3	3.3	-	-	2.3	3.3	(30.3) %
Capital projects	1.5	1.6	-	-	1.5	1.6	(6.3)%
Interest on long-term debt	6.3	4.2	-	-	6.3	4.2	50.0 %
Water and Sewer System	-	-	32.2	31.2	32.2	31.2	3.2 %
Senior Citizen Housing	<u>-</u>	<u>-</u>	<u>1.9</u>	<u>1.9</u>	<u>1.9</u>	<u>1.9</u>	0.0 %
Total expenses	<u>130.4</u>	<u>113.2</u>	<u>34.1</u>	<u>33.1</u>	<u>164.5</u>	<u>146.3</u>	12.4 %
Increase (decrease) in net assets before transfers	6.1	9.7	(1.0)	(3.8)	5.1	5.9	(13.6) %
Transfers	<u>(0.1)</u>	<u>(17.2)</u>	<u>-</u>	<u>-</u>	<u>(0.1)</u>	<u>(17.2)</u>	(99.4) %
Increase (decrease) in net assets	6.0	(7.5)	(1.0)	(3.8)	5.0	(11.3)	144.3 %
Net assets – beginning of year	<u>119.9</u>	<u>127.4</u>	<u>83.8</u>	<u>87.6</u>	<u>203.7</u>	<u>215.0</u>	(5.3)%
Net assets – end of year	<u>\$ 125.9</u>	<u>\$ 119.9</u>	<u>\$ 82.8</u>	<u>\$ 83.8</u>	<u>\$ 208.7</u>	<u>\$ 203.7</u>	2.5%

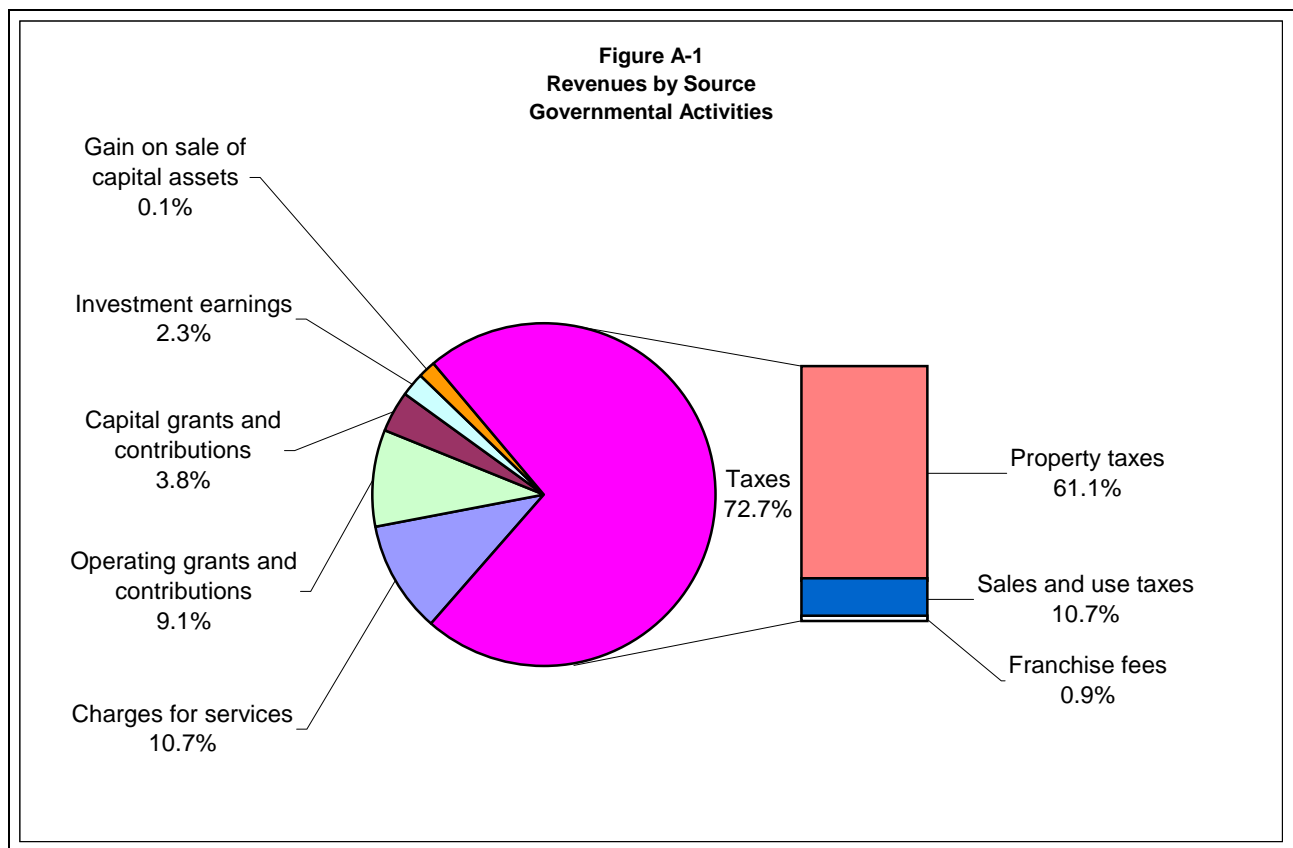
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The change in net assets for governmental activities before transfers reports an increase of \$6.1 million in the current year as compared to \$9.7 million in the prior year. Year-to-year comparisons become skewed due to a change in the Downtown Development Authority's fiscal year end from November 30 to June 30. As a result, "economic development" expenses reflect D.D.A. activities for the *nineteen months* ending June 30, 2006. Despite the change in fiscal year end, "economic development" expenses increased substantially, primarily due to relocation costs incurred to make way for the new City Hall / City Center complex. Similarly, the \$8.4 million increase in property tax revenues include \$9.0 million of taxes captured by the D.D.A. that normally would have been reported over the span of two years had the fiscal year not changed. The remainder of the increase is primarily attributable to a voter-approved 0.75 mill increase for Police and Fire Pensions which generated an additional \$3.2 million of property taxes. Other underlying factors contributing to the change in net assets rest primarily within the general fund and are likewise discussed later in this section under "Financial Analysis of the City's Funds."

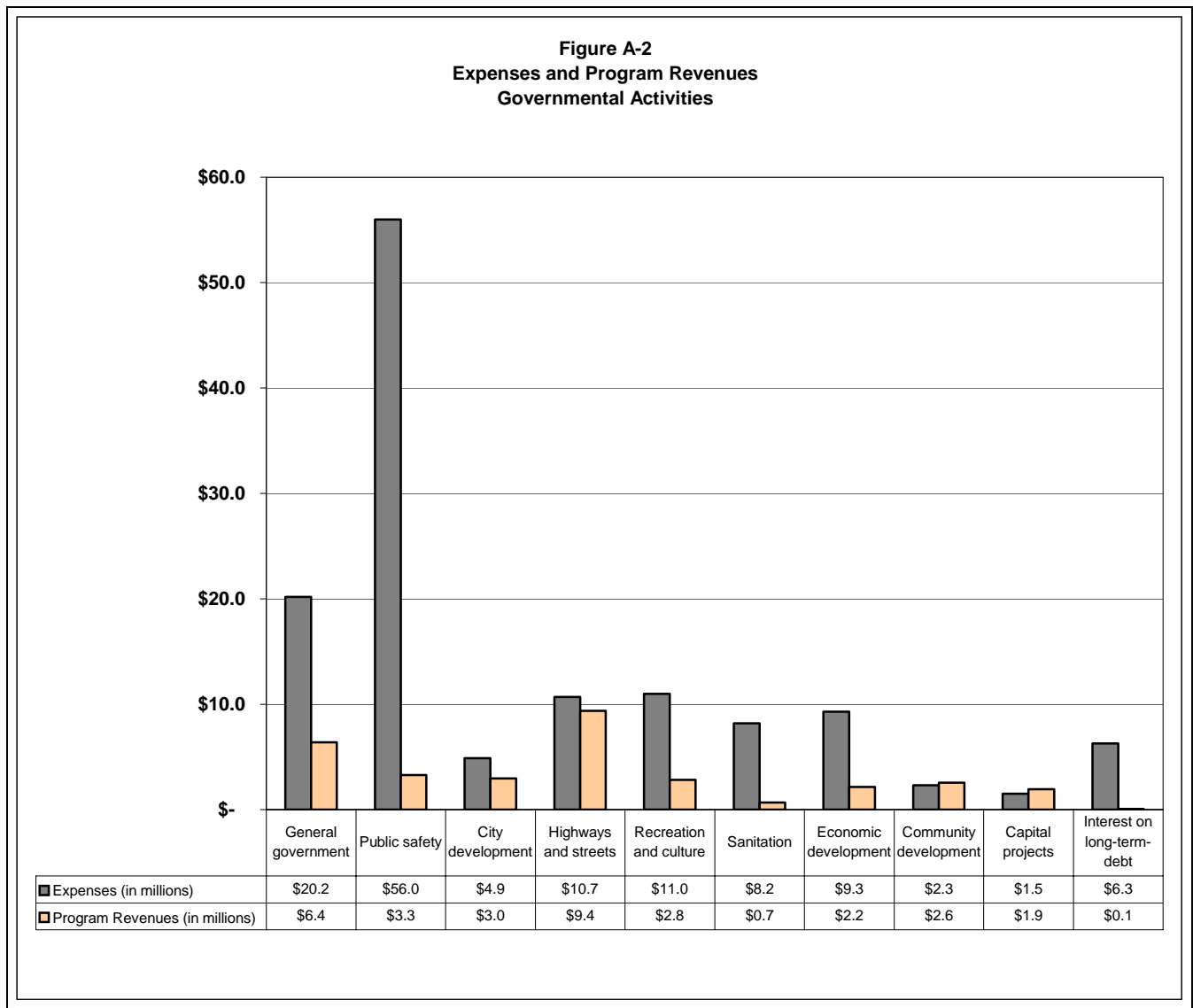
The change in net assets after transfers reports an increase of \$6.0 million in the current year as compared to a \$7.5 million loss in the prior year. The Police and Fire VEBA Trust was established in fiscal year 2005 for the purpose of funding police and fire post employment healthcare. Upon its inception, the City transferred \$17.1 million to the trust representing the initial funding of the plan. These funds were accumulated through the fiscal year ended June 30, 2004 and were reported at that time as restricted for public safety in the statement of net assets.

State shared revenues decreased for the sixth consecutive year. Revenues for 2006 were \$14.5 million as compared to \$14.7 million in 2005, \$14.9 million in 2004, \$16.5 million in 2003, \$17.6 million in 2002, \$18.8 million in 2001 and \$19.3 million in 2000. Further reductions are anticipated in the coming year.

As represented in Figure A-1 and Figure A-2, property taxes continue to be the major source of governmental revenues. Program revenues, that being charges for services as well as operating and capital grants, generated only 23.6 percent of the resources necessary to operate the governmental functions of the City.

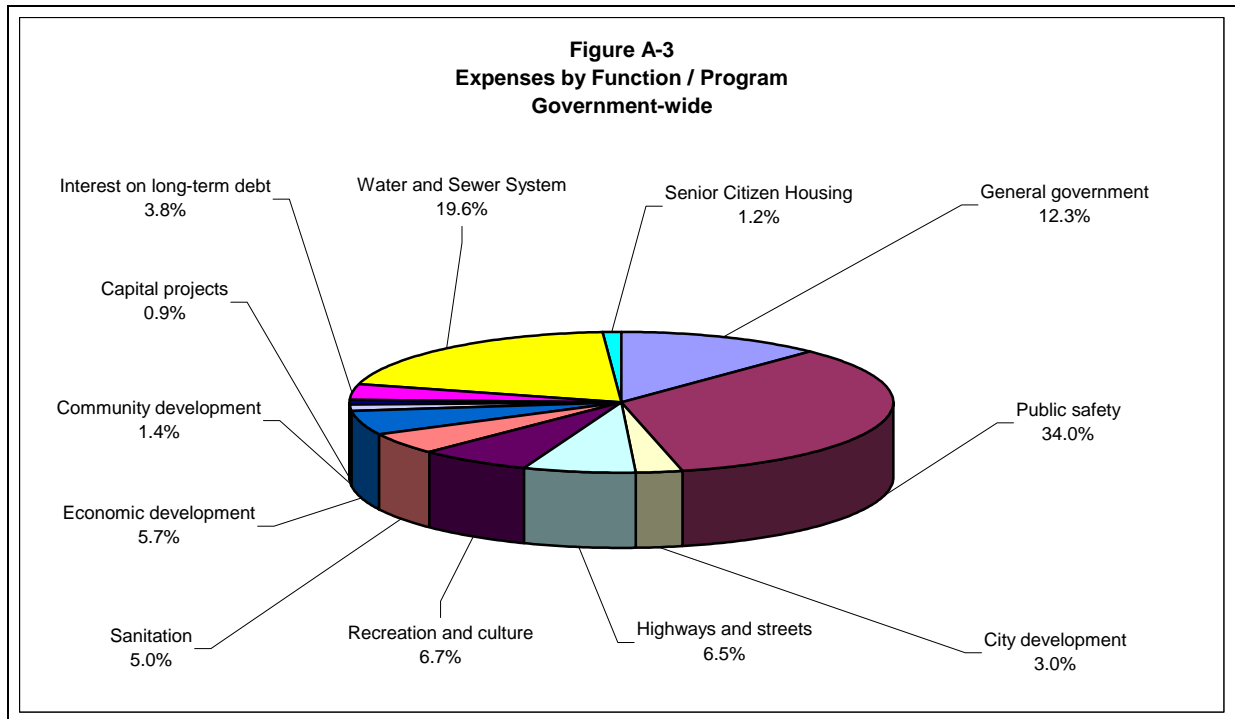


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The change in net assets for business-type activities reports a decrease of \$1.0 million in the current year as compared to a \$3.8 million loss in the prior year. The Senior Citizen Housing facilities generated operating income of \$597,000 during 2006, representing an increase of \$76,000 from 2005. Rental revenues and occupancy levels were consistent with the prior year. The Water and Sewer System generated operating revenues of \$30.33 million on a sales volume of 903,433 MCF (thousand cubic feet) as compared to operating revenues of \$26.93 million on a sales volume of 844,667 MCF in the previous year. An operating loss of \$0.2 million was realized as compared to \$2.4 million operating loss in the prior fiscal year. Gross margins on water sales less water purchases generated \$2.8 million of additional revenues while wage and fringe benefit expenditures increased \$0.5 million as compared to the prior fiscal year.

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Financial Analysis of the City's Funds

As of June 30, 2006, the governmental funds reported a combined fund balance of \$111.1 million, a decrease of \$17.6 million from the prior fiscal year. No deficit fund balances were reported in any of the governmental funds. Significant changes in individual fund balances during the current fiscal year are as follows:

- The general fund, whose resources are the City's main source of providing services to its citizenry, reported an increase in fund balance of \$5.7 million, with Unreserved-Undesignated Fund Balance, the amount available to the City to meet its future obligations, increasing by \$3.8 million. While property tax revenues increased \$4.0 million, \$3.2 million was directly attributable to a 0.75 mill increase in the dedicated Police and Fire Pension millage. Interest income approximately doubled to \$2.6 million due to continued federal rate hikes. The City also realized proceeds of \$1.7 million from the sale of city-owned property. General government expenditures increased \$3.1 million from the previous year. During the current fiscal year, the City Council approved a \$1.875 million settlement agreement which accounts for the bulk of the increase. The full amount of this settlement was reserved as of June 30, 2005 and had no effect on Unreserved-Undesignated Fund Balance for the current fiscal year. The favorable funding status of the Police and Fire Retirement System has allowed the City to contribute the minimal amount required for the past three years while still allowing the System to maintain its favorable status. In fiscal year 2006, the City resumed making contributions at the recommended actuarial rate. As a result, retirement expenditures for the current year were \$4.9 million more than the prior year and accounted for the entire \$4.7 million increase in Public Safety expenditures.
- The Tank Plant Redevelopment Fund transferred \$2.1 million to the Sidewalk and Tree capital projects fund to provide continued funding for the city-wide sidewalk replacement program.
- Fund balances in the Michigan Transportation, Series 2003 and the Building Authority, Series 2005 capital projects funds decreased \$2.5 million and \$3.3 million respectively, as funds were expended on road construction projects and capital acquisitions as previously bonded for.
- The Downtown Development Authority changed its fiscal year from December 1 - November 30 to July 1 – June 30. Accordingly, the \$17.6 million decrease in fund balance represents net activity for the *nineteen* months ended June 30, 2006. During this period, the Authority issued \$15 million in bonds and expended \$37 million in capital improvements towards redevelopment of the City Center area. Subsequent to the fiscal year, city operations moved to its new municipal offices on October 30, 2006, with a formal dedication of the new City Hall, City Square and parking garage on December 9, 2006.

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General Fund Budgetary Highlights

The City Council adopts an annual operating budget on a line item basis. During the course of the year, Council revises the budget several times. Budget amendments may represent additional appropriations of funds or inter-departmental transfers between line items with no additional appropriation. Budget amendments are normally approved for the following reasons:

- Re-appropriations for material expenditures, primarily for capital acquisitions, approved in the prior fiscal year but not consummated by year-end.
- Award of grants and recognition of related expenditures.
- Emergencies.
- To prevent budget overruns.

Significant budget amendments approved during the current fiscal year included:

- Re-appropriations of \$2.7 million from the prior fiscal year, primarily for capital equipment expenditures.
- Increase in budgeted expenditures of \$1.875 million related to the settlement agreement previously described.
- Increase in budgeted expenditures of \$344,500 due to rising fuel and utility costs.
- Increase in budgeted revenues and expenditures of \$551,000 upon award of a State Homeland Security Grant.
- Increase in budgeted expenditures of \$339,257 upon settlement of a bargaining agreement with AFSCME Local 1250.

The annual budget is developed from analysis of historical and anticipated trend information and facts known at the time of preparation. Accordingly, actual revenues received and expenditures incurred during the year may vary, sometimes significantly, from earlier estimates. Significant general fund budget-to-actual variances include: 1.) the budget was not amended to recognize the receipt of \$1.7 million from the sale of city-owned property, 2.) fines and fees collected by the 37th District Court were \$682,000 in excess of budget, 3.) interest income exceeded estimates by \$1.86 million, 4.) insurance claims exceeded original estimates by \$409,000, and 5.) combined City Employee and Police and Fire retiree health insurance exceeded original estimates by \$1.17 million. *(This amount was reimbursed by the City Employees' and Police and Fire VEBA Trusts and effectively had no immediate negative impact to the General Fund. However, a continuation of this trend will ultimately result in higher contribution rates to the respective Trusts).* In some cases, significant budget-to-actual variances may exist, both as to revenues and expenditures, in regards to various grants. Budgeted revenues and expenses are amended upon award of the grant. Many of these grants are project oriented or capital in nature and may span multiple fiscal years until completion. The recording of actual revenues and actual expenditures may or may not coincide with the corresponding budget amendment in the year the grant was awarded.

Capital Assets and Debt Administration

As of June 30, 2006, the City's capital assets, net of accumulated depreciation, represents an investment of \$256.7 million, an increase of \$40.8 million, or 19.0 percent from the prior year. More detailed information about the City's capital assets is presented in Note 3 to the financial statements.

**Table A-3
Capital Assets**
(net of depreciation, in millions of dollars)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2005-2006
	2006	2005	2006	2005	2006	2005	
Land	\$ 24.5	\$ 20.7	\$ 0.8	\$ 0.8	25.3	\$ 21.5	17.7 %
Land improvements	2.3	2.4	-	-	2.3	2.4	(4.2)%
Buildings	37.0	35.1	48.5	39.9	85.5	75.0	14.0 %
Utility system	-	-	63.7	65.0	63.7	65.0	(2.0)%
Machinery and equipment	16.5	10.7	1.8	1.9	18.3	12.6	45.2 %
Infrastructure	31.8	22.2	-	-	31.8	22.2	43.2 %
Construction in progress	29.8	17.1	-	-	29.8	17.1	74.3 %
Total	<u>\$ 141.9</u>	<u>\$108.2</u>	<u>\$ 114.8</u>	<u>\$ 107.6</u>	<u>\$ 256.7</u>	<u>\$ 215.8</u>	19.0 %

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Major capital acquisitions during the year included:

Police Department:	Fire Department:
Mobile data computers (41) - \$233,000	Fire truck - \$394,000
Vehicles (23) - \$422,000	Other vehicles (6) - \$86,000
Parking lot improvements - \$167,000	Department of Public Works:
Emergency 911 system improvements - \$3.3 million	Street sweeper - \$125,000
Parks and Recreation:	Loader - \$116,700
Warren Community Center renovations - \$457,000	Sanitation:
Tennis court resurfacing - \$99,000	Packers (3) - \$399,000
Water and Sewer System:	Michigan Transportation Funds:
Water main replacements - \$0.9 million	Road construction projects - \$2.8 million
Waste Water Treatment Plant:	Downtown Development Authority:
Plant-wide improvements - \$3.7 million	Parking garage - \$7.63 million
Solids handling improvements - \$2.9 million	City Center road construction - \$5.4 million
Electro-mechanical services - \$1.2 million	City Hall / City Center construction - \$19.2 million
Sand filter building - \$1.2 million	

The City and the Downtown Development Authority have a number of outstanding contracts for various road construction projects and for the development of the City Center, respectively. The balances of these contracts are reported in the governmental funds balance sheet and captioned under "fund balance – reserved for capital projects". The Water and Sewer System likewise has a number of outstanding contracts for system improvement projects. The balances of these contracts are reported in the business-type activities Statement of Net Assets and captioned under "net assets – restricted for construction". Sufficient funds are currently available to complete these projects.

Long-term Debt

As of June 30, 2006, the City had long-term debt outstanding of \$173.3 million, an increase of \$18.5 million, or 12.0 percent from the prior year. More detailed information about the City's long-term debt is presented in Note 5 and Note 7 to the financial statements. Complete debt service schedules for each issue are also presented in the Statistical Section of this report.

Table A-4
Outstanding Debt
(in millions of dollars)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2005-2006
	2006	2005	2006	2005	2006	2005	
Installment purchase agreement	\$ 0.1	\$ 0.2	\$ -	\$ -	\$ 0.1	\$ 0.2	(50.0)%
Land contract	0.6	0.7	-	-	0.6	0.7	(14.3) %
Michigan Transportation Bonds	13.2	14.8	-	-	13.2	14.8	(10.8)%
Water & Sewer Revenue Bonds	-	-	52.7	44.8	52.7	44.8	17.6 %
County Drain Bonds	0.2	0.9	-	-	0.2	0.9	(77.8)%
Tax Increment Finance							
Authority Bonds	1.0	1.1	-	-	1.0	1.1	(9.1)%
Special Assessment Bonds	3.1	3.9	-	-	3.1	3.9	(20.5)%
Downtown Development							
Authority Bonds	75.0	60.0	-	-	75.0	60.0	25.0 %
Building Authority Bonds	<u>19.0</u>	<u>19.4</u>	<u>8.4</u>	<u>9.0</u>	<u>27.4</u>	<u>28.4</u>	(3.5) %
Total	<u>\$ 112.2</u>	<u>\$ 101.0</u>	<u>\$ 61.1</u>	<u>\$ 53.8</u>	<u>\$ 173.3</u>	<u>\$ 154.8</u>	12.0 %

During the year, the Water and Sewer System advance refunded \$19.9 million of revenue bonds through issuance of \$21.7 million of refunding bonds at a present value savings to the System of \$519,000. The Water and Sewer System also drew down an additional \$8.0 million of capital improvement bonds through the Michigan Municipal Bond Authority to finance system improvements at the Waste Water Treatment Plant. The Downtown Development Authority issued \$15 million of bonds towards development of the City Center. The Building Authority advanced refunded \$9.9 million of Warren Community Center Bonds through issuance of \$10.8 million of refunding bonds at a present value savings to the Authority of \$237,000.

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Economic Factors and Next Year's Budget

Property taxes on residential, commercial and industrial properties in Warren, with a cumulative taxable value of approximately \$4.9 billion, account for 62.4% of the City's General Fund operating revenue. For nearly 10 years, the City has kept its property millage below the rate permitted by law through a combination of strong expenditure controls and modest growth in the tax base.

The City of Warren maintains a solid financial foundation through sound management practices. The continuance of these practices is critical to maintaining the economic stability of the City. Limitations on revenue growth imposed by State legislation, such as Proposal A, which restricts increases in property assessments to the rate of inflation, and fewer opportunities for new development make it more difficult to continue holding millage rates below authorized levels.

In an effort to balance its own budget, the State continues to hold revenue sharing dollars well under historical levels. A struggling State economy provides less sales and income tax revenues to share and reduced distribution formulas compound the loss for local units of government. The total distribution of State shared revenues to the City of Warren is almost 25% less than it was just 6 years ago, a loss of over \$4.8 million annually. At its reduced levels, state shared revenues account for 15% of general fund operating revenues.

As a mature community, there are relatively few opportunities for economic growth through land development. Less development means less license and permit fees. Investment interest rates have seen marginal improvement in the past year but are still well below levels from a few years ago. Fewer funds available for investment and low returns on investment mean less interest income.

Tax limitations, reduced Shared revenues and declining local revenues result in few resources with which to meet the financial demands for City operations. The need for the City to pursue more efficient and cost-effective methods of providing City services is more critical than ever. The nature and extent of services that are provided needs to be continuously evaluated to assure that funding "non-essential" services does not compromise core functions.

Personnel costs are our most significant expenses with wages and fringe benefits accounting for over 84% of all expenditures. Contract negotiations with all unions now focus on limiting their impact on the City budget. Wage increases are not automatic. The City has implemented a number of initiatives in contract negotiations to bring both current and future costs under control.

Pension contributions for employees participating in the City's original Defined Benefit (DB) pension systems continue to rise both as a percentage of participating payroll and in total dollars. The uncertain earning power of the stock and bond markets and rapidly escalating retiree health care costs factor significantly in these increases.

The creation of a 401(a) Defined Contribution (DC) plan helps to mitigate both current pension costs and stabilize future financial obligations. It effectively sets a cap on the liability to the DB plan by barring any new additions of personnel to that plan, limiting participation to existing employees who did not opt to transfer to the DC plan. The City contributes 15% of payroll cost to the DC plan for those employees who voluntarily transferred to it at the outset. The contribution rate for new hires is 10% of payroll cost. Both compare very favorably with similar offerings from other communities and the private sector. Both are substantial savings over the 42.59% contributed for members of the DB plan.

The City has also developed plans to help contain runaway health insurance costs. Health insurance benefits payable at retirement for existing employees are funded on an annual basis using an actuarially determined percentage of payroll. Recent contract settlements provide a different program for new hires. The City contributes 1% and the employee can contribute up to 4% of payroll into a fund from which health insurance costs will be directly paid on the employee's retirement. Contributions carry income tax incentives and the City's liability is limited to the contractually agreed contribution rate of 1%. This results in substantial savings over the program for established employees where the employee contributes nothing toward retirement health benefits and the City's current liability is actuarially established at 23.02% of payroll.

The demand to provide services has not subsided over the past several years. If anything it has increased. However, the financial resources to allocate manpower and materials to the task are in increasing short supply. It is imperative that elected officials, management personnel and laborers work together to find the best means to meet the demand for services. Gone are the days of narrowly defined job descriptions. Cooperation and openness to new ways of problem resolution are necessary.

CITY OF WARREN, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2006

Waste Water Treatment Plant employees have been at the forefront of change. With a workforce 27% smaller than a decade ago they are able to meet the challenges brought on largely by federal and state regulations. They have been asked to rethink their job responsibilities from the ground up and help redesign workflows. Transitioning has not always been a painless process but it is not without benefits for those who have met the tasks with determination. Educational resources and opportunities for professional growth exist where they never did before. Positions that used to be considered entry level for municipal employment are now destination jobs providing skills with potential marketability outside the confines of the City.

The Water Division faces many of the same type of issues as the Waste Water Treatment Plant; an aging infrastructure requiring more and more maintenance activity and escalating operating costs that are outside our direct control. As of July 2006, water rates from the City of Detroit had risen over 86% in the previous decade. We have to pass those costs on to consumers but we also have an obligation to assure that we doing everything we can internally to contain those costs we can control.

The frequency and severity of water main and sewer line breaks continue to escalate. In part this is the result of water pressure variations from the City of Detroit as it attempts to meet the increasing demand of growth communities to our north and in part because much of our underground infrastructure is nearing the end of its useful life.

In the 2007 calendar year we have proposed to embark on a major water meter replacement program both to improve diminishing meter registration accuracy and to move to less labor-intensive technologies to collect user data. An Automated Meter Reading System (AMR) will enable up to retrieve timely usage information and give us the ability to identify potential customer problems, such as spikes in usage indicating potential leaks, before they become too costly for the users. Eventually the full conversion to current technologies may give us the opportunity to offer services to other utilities providing new revenue streams to offset capital costs.

The City recently adopted an ordinance strengthening its resolve to combat blight. Warren residents and businesses are literally being told to clean up their own back and front yards. Aside from the aesthetics of cleanly and safely maintained residential, commercial and industrial areas, the community must do everything it can to preserve property values. Having the right tools to enforce compliance assures the majority of the residents and businesses that take pride in the community that they will not bear the brunt of costs for those who neglect their responsibilities.

As calendar year 2006 comes to a close, the City employees have established themselves in a new City Hall / Library complex outfitted with cost-effective technologies that could not have been retrofitted in the previous facility. The 4-story, 110,000 square foot facility includes a 35,000 square foot library on its ground floor complete with a computer lab and various collections oriented toward a variety of interests.

The new City Hall is one of the first steps in the rebirth and revitalization of the Warren community. This facility, combined with other economic developments financed through the Downtown Development Authority, provides the city of Warren with something it has never had before in its history – an identifiable downtown area. It is hoped that new shopping facilities, restaurants and entertainment options will help transform Warren from a bedroom commuter community to a vibrant place to work and play.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have any questions about this report or need additional information, contact the City of Warren, Controller's Office, Suite 425, One City Square, Warren, Michigan 48093-5289.

CITY OF WARREN, MICHIGAN

GOVERNMENT-WIDE FINANCIAL STATEMENTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Exhibit A-1

CITY OF WARREN, MICHIGAN
STATEMENT OF NET ASSETS
JUNE 30, 2006

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current assets - unrestricted:			
Cash and cash equivalents	\$ 95,741,600	\$ 7,512,300	\$ 103,253,900
Investments	3,470,570	-	3,470,570
Deposits	285,644	-	285,644
Receivables (net of allowances where applicable)			
Accrued interest	269,893	14,512	284,405
Accounts	8,995,244	8,377,863	17,373,107
Land contract interest	-	18,726	18,726
Internal balances	5,155,552	-	5,155,552
Due from other governments	6,230,668	-	6,230,668
Inventory at cost	342,811	251,826	594,637
Prepaid expenditures	284,520	31,523	316,043
Total current assets - unrestricted	<u>120,776,502</u>	<u>16,206,750</u>	<u>136,983,252</u>
Current assets - restricted:			
Cash and cash equivalents	-	16,376,128	16,376,128
Due from other governments	-	3,039,382	3,039,382
Designated for future projects	-	6,276,465	6,276,465
Total current assets - restricted	<u>-</u>	<u>25,691,975</u>	<u>25,691,975</u>
Total current assets	<u>120,776,502</u>	<u>41,898,725</u>	<u>162,675,227</u>
Noncurrent assets:			
Receivables (net of allowances where applicable)			
Notes	5,673,215	-	5,673,215
Due from other governments	2,655,765	-	2,655,765
Delinquent taxes	1,223,689	-	1,223,689
Special assessments	2,471,789	-	2,471,789
Land contract	-	624,203	624,203
Total noncurrent receivables	<u>12,024,458</u>	<u>624,203</u>	<u>12,648,661</u>
Deferred charges:			
Bond issuance costs	1,097,438	184,556	1,281,994
Total deferred charges	<u>1,097,438</u>	<u>184,556</u>	<u>1,281,994</u>
Capital assets (net of accumulated depreciation)			
Land	24,524,850	826,863	25,351,713
Land improvements	2,312,243	-	2,312,243
Buildings	36,980,391	48,496,479	85,476,870
Utility system	-	63,707,561	63,707,561
Machinery and equipment	16,440,519	1,727,229	18,167,748
Infrastructure	31,826,918	-	31,826,918
Construction in progress	29,813,356	-	29,813,356
Total capital assets	<u>141,898,277</u>	<u>114,758,132</u>	<u>256,656,409</u>
Total noncurrent assets	<u>155,020,173</u>	<u>115,566,891</u>	<u>270,587,064</u>
Total assets	<u>\$ 275,796,675</u>	<u>\$ 157,465,616</u>	<u>\$ 433,262,291</u>

See accompanying notes to financial statements

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Liabilities			
Current liabilities - unrestricted:			
Accounts payable	\$ 7,190,583	\$ 2,030,875	\$ 9,221,458
Retainages payable	1,826,656	-	1,826,656
Accrued salaries and wages	2,244,889	226,232	2,471,121
Payroll taxes and deductions	3,787	152,785	156,572
Internal balances	-	4,131,265	4,131,265
Deposits	410,039	114,194	524,233
Accrued interest payable	1,017,436	54,465	1,071,901
Deferred revenue	2,975,352	2,790	2,978,142
Current portion of long-term liabilities:			
Installment purchase agreements	78,209	-	78,209
Land contract	76,385	-	76,385
Bonds payable	4,423,435	2,281,830	6,705,265
Total current liabilities - unrestricted	20,246,771	8,994,436	29,241,207
Current liabilities - restricted assets:			
Accounts payable	-	1,053,426	1,053,426
Accrued interest payable	-	335,717	335,717
Deposits	-	185,616	185,616
Construction contracts to be performed in future periods	-	6,276,465	6,276,465
Current portion of long-term liabilities:			
Bonds payable	-	38,344	38,344
Total current liabilities - restricted	-	7,889,568	7,889,568
Total current liabilities	20,246,771	16,884,004	37,130,775
Noncurrent liabilities - unrestricted:			
Accumulated compensatory time	2,129,983	178,135	2,308,118
Compensated absences payable	15,898,941	1,644,829	17,543,770
Accrued insurance claims	5,499,138	-	5,499,138
Noncurrent portion of long-term liabilities:			
Land contract	511,285	-	511,285
Bonds payable	107,113,036	58,648,526	165,761,562
Unamortized bond premium / discount	(805,520)	(58,542)	(864,062)
Deferred refunding charge	(741,592)	(2,742,230)	(3,483,822)
Total noncurrent liabilities - unrestricted	129,605,271	57,670,718	187,275,989
Noncurrent liabilities - restricted:			
Noncurrent portion of long-term liabilities:			
Bonds payable	-	121,423	121,423
Unamortized bond premium / discount	-	(425)	(425)
Total noncurrent liabilities - restricted	-	120,998	120,998
Total noncurrent liabilities	129,605,271	57,791,716	187,396,987
Total liabilities	149,852,042	74,675,720	224,527,762
Net Assets			
Invested in capital assets, net of related debt	62,875,434	57,819,780	120,695,214
Restricted for:			
Public safety	2,156,407	-	2,156,407
Sanitation	4,450,181	-	4,450,181
Recreation and culture	6,887,903	-	6,887,903
City development	24,803	-	24,803
Community development	6,602,640	-	6,602,640
Economic development	-	-	-
Highways and streets	11,075,048	-	11,075,048
Capital projects	1,671,680	13,088,044	14,759,724
Debt service	92,895	4,593,365	4,686,260
Insurance claims	-	500,000	500,000
Unrestricted	30,107,642	6,788,707	36,896,349
Total net assets	125,944,633	82,789,896	208,734,529
Total liabilities and net assets	\$ 275,796,675	\$ 157,465,616	\$ 433,262,291

EXHIBIT A-2

CITY OF WARREN, MICHIGAN
STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2006

Functions/ Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
General government	\$ 20,176,196	\$ 5,716,590	\$ 572,313	\$ 104,150
Public safety	55,968,750	888,302	459,370	1,932,774
City development	4,938,429	2,890,136	75,000	-
Highways and streets	10,735,706	410,416	8,880,434	82,229
Recreation and culture	11,001,914	2,178,460	650,087	1,773
Sanitation	8,174,592	668,760	-	-
Economic development	9,269,389	363,683	58,500	1,739,890
Community development	2,336,495	851,284	1,701,430	-
Capital projects	1,498,553	617,153	-	1,310,831
Interest on long-term debt	6,254,880	-	66,558	-
Total governmental activities	130,354,904	14,584,784	12,463,692	5,171,647
Business-type activities:				
Water and Sewer System	32,188,319	30,329,100	-	-
Senior Citizen Housing	1,872,601	2,081,469	-	-
Total business-type activities	34,060,920	32,410,569	-	-
Total primary government	\$ 164,415,824	\$ 46,995,353	\$ 12,463,692	\$ 5,171,647

General revenues:

Taxes:

Property taxes

Sales and use taxes

Franchise fees

Investment earnings

Gain (loss) on sale of capital assets

Total general revenues, investment earnings
and gain or loss on sale of capital assets

Excess (deficiency) of
revenues over expenses

Other financing sources (uses):

Transfer to Water and Sewer System

Total other financing sources (uses)

Change in net assets

Net assets - beginning of year

Net assets - end of year

See accompanying notes to financial statements

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (13,783,143)	\$ -	\$ (13,783,143)
(52,688,304)	-	(52,688,304)
(1,973,293)	-	(1,973,293)
(1,362,627)	-	(1,362,627)
(8,171,594)	-	(8,171,594)
(7,505,832)	-	(7,505,832)
(7,107,316)	-	(7,107,316)
216,219	-	216,219
429,431	-	429,431
(6,188,322)	-	(6,188,322)
(98,134,781)	-	(98,134,781)
-	(1,859,219)	(1,859,219)
-	208,868	208,868
-	(1,650,351)	(1,650,351)
(98,134,781)	(1,650,351)	(99,785,132)
83,352,957	-	83,352,957
14,540,634	-	14,540,634
1,206,596	-	1,206,596
3,075,634	635,948	3,711,582
2,099,337	-	2,099,337
104,275,158	635,948	104,911,106
6,140,377	(1,014,403)	5,125,974
(137,000)	-	(137,000)
(137,000)	-	(137,000)
6,003,377	(1,014,403)	4,988,974
119,941,256	83,804,299	203,745,555
\$ 125,944,633	\$ 82,789,896	\$ 208,734,529

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CITY OF WARREN, MICHIGAN

FUND FINANCIAL STATEMENTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

EXHIBIT B-1

CITY OF WARREN, MICHIGAN
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2006

	Special Revenue Funds		
	Michigan Transportation Operating		
	General Fund	Major Streets	Local Streets
Assets			
Cash and cash equivalents	\$ 38,147,929	\$ 7,088,630	\$ 2,344,324
Investments	-	-	-
Deposits	282,165	-	-
Receivables (net of allowances where applicable)			
Accrued interest	163,731	25,088	16,725
Accounts	284,030	26,006	-
Due from other funds	13,916,251	-	-
Due from other governments	3,835,002	1,162,162	350,034
Inventory at cost	326,269	-	-
Prepaid expenditures	250,163	-	-
Receivables, non-current:			
Notes	-	-	-
Due from other governments	-	-	-
Delinquent taxes	1,794,416	-	-
Special assessments	-	-	-
Total assets	<u>\$ 58,999,956</u>	<u>\$ 8,301,886</u>	<u>\$ 2,711,083</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	3,409,636	100,964	25,805
Retainages payable	-	8,357	19,500
Accrued salaries and wages	1,739,457	77,708	55,200
Payroll taxes and deductions	3,787	-	-
Deposits	342,712	-	-
Due to other funds	237,330	258,698	276,357
Deferred revenue	344,581	-	-
Total liabilities	<u>6,077,503</u>	<u>445,727</u>	<u>376,862</u>
Fund balances:			
Reserved:			
Inventories	326,269	-	-
Prepaid expenditures	250,163	-	-
Accounts receivable	1,794,416	-	-
Capital projects	206,590	908,398	53,258
Dedicated millage	1,812,506	-	-
Unreserved:			
Designated:			
Subsequent years' expenditures	6,169,105	2,531,552	1,012,782
Compensated absences	8,773,896	268,022	108,492
Compensatory time	1,034,175	-	-
Insurance claims	5,499,138	-	-
Undesignated	<u>27,056,195</u>	<u>4,148,187</u>	<u>1,159,689</u>
Total fund balances	<u>52,922,453</u>	<u>7,856,159</u>	<u>2,334,221</u>
Total liabilities and fund balances	<u>\$ 58,999,956</u>	<u>\$ 8,301,886</u>	<u>\$ 2,711,083</u>

See accompanying notes to financial statements.

Special Revenue Funds

Sanitation	Recreation	Library	Community Development Block Grant	HOME Investment Partnership	H.O.P.W.A.
\$ 4,387,878	\$ 3,230,138	\$ 622,899	\$ 18,428	\$ 932,632	\$ 100
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
556,842	-	132	-	-	-
-	-	-	-	-	-
-	329,113	285,161	-	-	-
13,919	2,623	-	-	-	-
12,562	9,273	2,987	3,818	-	-
-	-	-	5,673,215	-	-
-	-	-	990,136	1,478,629	187,000
271,425	151,242	75,622	-	-	-
-	-	-	-	-	-
<u>\$ 5,242,626</u>	<u>\$ 3,722,389</u>	<u>\$ 986,801</u>	<u>\$ 6,685,597</u>	<u>\$ 2,411,261</u>	<u>\$ 187,100</u>
263,140	284,006	57,213	587	-	-
-	10,969	-	-	-	-
138,383	160,986	48,281	-	-	-
-	-	-	-	-	-
50,000	16,737	-	590	-	-
-	-	-	28,225	-	-
-	-	-	6,638,357	1,478,629	187,000
<u>451,523</u>	<u>472,698</u>	<u>105,494</u>	<u>6,667,759</u>	<u>1,478,629</u>	<u>187,000</u>
13,919	2,623	-	-	-	-
12,562	9,273	2,987	3,818	-	-
831,425	151,242	75,622	-	-	-
-	244,739	-	-	-	-
-	-	-	-	-	-
909,231	1,403,458	326,169	-	-	-
138,565	32,330	109,036	-	-	-
51,360	22,804	18,915	-	-	-
-	-	-	-	-	-
<u>2,834,041</u>	<u>1,383,222</u>	<u>348,578</u>	<u>14,020</u>	<u>932,632</u>	<u>100</u>
<u>4,791,103</u>	<u>3,249,691</u>	<u>881,307</u>	<u>17,838</u>	<u>932,632</u>	<u>100</u>
<u>\$ 5,242,626</u>	<u>\$ 3,722,389</u>	<u>\$ 986,801</u>	<u>\$ 6,685,597</u>	<u>\$ 2,411,261</u>	<u>\$ 187,100</u>

EXHIBIT B-1 (continued)

CITY OF WARREN, MICHIGAN
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2006

	Special Revenue Funds		
	Tank Plant Redevelopment	Communications	Rental Ordinance
Assets			
Cash and cash equivalents	\$ 120,059	\$ 1,713,083	\$ 50,507
Investments	-	-	-
Deposits	-	-	-
Receivables (net of allowances where applicable)			
Accrued interest	-	-	-
Accounts	-	315,083	-
Due from other funds	-	-	-
Due from other governments	-	-	-
Inventory at cost	-	-	-
Prepaid expenditures	-	399	173
Receivables, non-current:			
Notes	-	-	-
Due from other governments	-	-	-
Delinquent taxes	-	-	-
Special assessments	-	-	-
Total assets	<u>\$ 120,059</u>	<u>\$ 2,028,565</u>	<u>\$ 50,680</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	-	38,248	6
Retainages payable	-	-	-
Accrued salaries and wages	-	21,056	3,818
Payroll taxes and deductions	-	-	-
Deposits	-	-	-
Due to other funds	-	-	-
Deferred revenue	-	-	-
Total liabilities	<u>-</u>	<u>59,304</u>	<u>3,824</u>
Fund balances:			
Reserved:			
Inventories	-	-	-
Prepaid expenditures	-	399	173
Accounts receivable	-	-	-
Capital projects	-	-	-
Dedicated millage	-	-	-
Unreserved:			
Designated:			
Subsequent years' expenditures	120,059	484,069	31,187
Compensated absences	-	12,921	3,994
Compensatory time	-	-	-
Insurance claims	-	-	-
Undesignated	-	1,471,872	11,502
Total fund balances	<u>120,059</u>	<u>1,969,261</u>	<u>46,856</u>
Total liabilities and fund balances	<u>\$ 120,059</u>	<u>\$ 2,028,565</u>	<u>\$ 50,680</u>

See accompanying notes to financial statements.

EXHIBIT B-1 (continued)

Special Revenue Funds				Debt Service Funds	
Vice Crime Confiscations	Drug Forfeiture	Police Training	D.D.A. Administration	Chapter 20 and 21 Drain Bonds	Special Assessment Bonds Series 2002
\$ 118,294	\$ 536,001	\$ 117,859	\$ -	\$ 284,601	\$ 382,136
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	5,145	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	30,984	-
-	-	-	-	-	-
<u>\$ 118,294</u>	<u>\$ 536,001</u>	<u>\$ 117,859</u>	<u>\$ -</u>	<u>\$ 320,730</u>	<u>\$ 382,136</u>
-	7,795	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>7,795</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	5,145	-
-	-	-	-	30,984	-
-	-	-	-	-	-
-	-	-	-	-	-
16,200	26,500	-	-	242,000	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>102,094</u>	<u>501,706</u>	<u>117,859</u>	<u>-</u>	<u>42,601</u>	<u>382,136</u>
<u>118,294</u>	<u>528,206</u>	<u>117,859</u>	<u>-</u>	<u>320,730</u>	<u>382,136</u>
<u>\$ 118,294</u>	<u>\$ 536,001</u>	<u>\$ 117,859</u>	<u>\$ -</u>	<u>\$ 320,730</u>	<u>\$ 382,136</u>

EXHIBIT B-1 (continued)

CITY OF WARREN, MICHIGAN
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2006

	Debt Service Funds			
	Special Assessment Bonds		Tax Increment Finance Authority	
	Series 2003	Series 2005	Series 1991	Refunding Series 1999
Assets				
Cash and cash equivalents	\$ 998,783	\$ 1,292,004	\$ -	\$ -
Investments	-	-	-	-
Deposits	-	-	-	-
Receivables (net of allowances where applicable)				
Accrued interest	-	-	-	-
Accounts	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	-	-	-	-
Inventory at cost	-	-	-	-
Prepaid expenditures	-	-	-	-
Receivables, non-current:				
Notes	-	-	-	-
Due from other governments	-	-	-	-
Delinquent taxes	-	-	-	-
Special assessments	-	-	-	-
Total assets	<u>\$ 998,783</u>	<u>\$ 1,292,004</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	-	-	-	-
Retainages payable	-	-	-	-
Accrued salaries and wages	-	-	-	-
Payroll taxes and deductions	-	-	-	-
Deposits	-	-	-	-
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Reserved:				
Inventories	-	-	-	-
Prepaid expenditures	-	-	-	-
Accounts receivable	-	-	-	-
Capital projects	-	-	-	-
Dedicated millage	-	-	-	-
Unreserved:				
Designated:				
Subsequent years' expenditures	-	-	-	-
Compensated absences	-	-	-	-
Compensatory time	-	-	-	-
Insurance claims	-	-	-	-
Undesignated	<u>998,783</u>	<u>1,292,004</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>998,783</u>	<u>1,292,004</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 998,783</u>	<u>\$ 1,292,004</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.

Debt Service Funds

[illegible]

EXHIBIT B-1 (continued)

CITY OF WARREN, MICHIGAN
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2006

	Debt Service Funds		
	Michigan Transportation Bonds		Building Authority Bonds
	Refunding Series 2003	Series 2003	Series 2001
Assets			
Cash and cash equivalents	\$ -	\$ -	\$ -
Investments	-	-	-
Deposits	-	-	-
Receivables (net of allowances where applicable)			
Accrued interest	-	-	-
Accounts	-	-	-
Due from other funds	-	-	-
Due from other governments	-	-	-
Inventory at cost	-	-	-
Prepaid expenditures	-	-	-
Receivables, non-current:			
Notes	-	-	-
Due from other governments	-	-	-
Delinquent taxes	-	-	-
Special assessments	-	-	-
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	-	-	-
Retainages payable	-	-	-
Accrued salaries and wages	-	-	-
Payroll taxes and deductions	-	-	-
Deposits	-	-	-
Due to other funds	-	-	-
Deferred revenue	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:			
Reserved:			
Inventories	-	-	-
Prepaid expenditures	-	-	-
Accounts receivable	-	-	-
Capital projects	-	-	-
Dedicated millage	-	-	-
Unreserved:			
Designated:			
Subsequent years' expenditures	-	-	-
Compensated absences	-	-	-
Compensatory time	-	-	-
Insurance claims	-	-	-
Undesignated	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.

Debt Service Funds			Capital Projects Funds		
Building Authority Bonds			Special Assessment Funds		
Series 2002	Series 2005	Refunding Series 2005	Special Assessment Revolving	Sidewalk and Tree Revolving	T.I.F.A. District
\$ -	\$ -	\$ -	\$ 937,265	\$ 2,748,477	\$ 163,627
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	14,657	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	87,110	2,384,679	-
<u>\$ -</u>	<u>\$ 14,657</u>	<u>\$ -</u>	<u>\$ 1,024,375</u>	<u>\$ 5,133,156</u>	<u>\$ 163,627</u>
-	-	-	4,200	179,138	-
-	-	-	-	37,283	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	87,110	2,384,679	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>91,310</u>	<u>2,601,100</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	1,123,961	34,998
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	14,657	-	933,065	1,408,095	128,629
<u>-</u>	<u>14,657</u>	<u>-</u>	<u>933,065</u>	<u>2,532,056</u>	<u>163,627</u>
<u>\$ -</u>	<u>\$ 14,657</u>	<u>\$ -</u>	<u>\$ 1,024,375</u>	<u>\$ 5,133,156</u>	<u>\$ 163,627</u>

EXHIBIT B-1 (continued)

CITY OF WARREN, MICHIGAN
BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2006

	Capital Projects Funds		
	Michigan Transportation Construction Funds		
	1997 Major Streets	2000 Major Streets	2003 Major Streets
Assets			
Cash and cash equivalents	\$ -	\$ 811,280	\$ 85,512
Investments	-	-	-
Deposits	-	-	-
Receivables (net of allowances where applicable)			
Accrued interest	-	3,094	972
Accounts	-	-	-
Due from other funds	-	-	240,736
Due from other governments	-	-	269,196
Inventory at cost	-	-	-
Prepaid expenditures	-	-	-
Receivables, non-current:			
Notes	-	-	-
Due from other governments	-	-	-
Delinquent taxes	-	-	-
Special assessments	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 814,374</u>	<u>\$ 596,416</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	-	-	32,606
Retainages payable	-	-	41,722
Accrued salaries and wages	-	-	-
Payroll taxes and deductions	-	-	-
Deposits	-	-	-
Due to other funds	-	-	-
Deferred revenue	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>74,328</u>
Fund balances:			
Reserved:			
Inventories	-	-	-
Prepaid expenditures	-	-	-
Accounts receivable	-	-	-
Capital projects	-	572,354	342,657
Dedicated millage	-	-	-
Unreserved:			
Designated:			
Subsequent years' expenditures	-	-	-
Compensated absences	-	-	-
Compensatory time	-	-	-
Insurance claims	-	-	-
Undesignated	-	242,020	179,431
Total fund balances	<u>-</u>	<u>814,374</u>	<u>522,088</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 814,374</u>	<u>\$ 596,416</u>

See accompanying notes to financial statements.

Capital Projects Funds					
Building Authority Construction Funds				37th District Court Building Renovation	Sewer Plant Expansion
Series 1997	Series 2001	Series 2002	Series 2005		
\$ -	\$ 486	\$ 43,384	\$ 1,667,813	\$ 952,226	\$ 96,828
-	-	-	-	-	-
-	-	-	-	-	-
-	-	156	-	-	-
-	525	-	-	55,665	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 1,011</u>	<u>\$ 43,540</u>	<u>\$ 1,667,813</u>	<u>\$ 1,007,891</u>	<u>\$ 96,828</u>
-	-	-	18,800	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	877	14,657	-	-
-	-	-	-	-	-
-	-	877	33,457	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	23,439
-	-	-	-	-	-
-	-	-	-	1,007,891	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	1,011	42,663	1,634,356	-	73,389
-	1,011	42,663	1,634,356	1,007,891	96,828
<u>\$ -</u>	<u>\$ 1,011</u>	<u>\$ 43,540</u>	<u>\$ 1,667,813</u>	<u>\$ 1,007,891</u>	<u>\$ 96,828</u>

EXHIBIT B-1 (continued)

CITY OF WARREN, MICHIGAN
BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2006

	Capital Projects Funds		
	Tax Increment Finance Authority	Downtown Development Authority	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 1,000,503	\$ 24,847,914	\$ 95,741,600
Investments	-	3,470,570	3,470,570
Deposits	-	3,479	285,644
Receivables (net of allowances where applicable)			-
Accrued interest	3,817	56,310	269,893
Accounts	-	-	1,238,283
Due from other funds	-	-	14,171,644
Due from other governments	-	-	6,230,668
Inventory at cost	-	-	342,811
Prepaid expenditures	-	-	284,520
Receivables, non-current:			
Notes	-	-	5,673,215
Due from other governments	-	-	2,655,765
Delinquent taxes	-	-	2,323,689
Special assessments	-	-	2,471,789
Total assets	<u>\$ 1,004,320</u>	<u>\$ 28,378,273</u>	<u>\$ 135,160,091</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	58,892	2,709,547	7,190,583
Retainages payable	-	1,708,825	1,826,656
Accrued salaries and wages	-	-	2,244,889
Payroll taxes and deductions	-	-	3,787
Deposits	-	-	410,039
Due to other funds	9,960	433,027	1,259,131
Deferred revenue	-	-	11,120,356
Total liabilities	<u>68,852</u>	<u>4,851,399</u>	<u>24,055,441</u>
Fund balances:			
Reserved:			
Inventories	-	-	342,811
Prepaid expenditures	-	-	284,520
Accounts receivable	-	-	2,883,689
Capital projects	-	23,526,874	27,037,268
Dedicated millage	-	-	1,812,506
Unreserved:			
Designated:			
Subsequent years' expenditures	-	-	14,280,203
Compensated absences	-	-	9,447,256
Compensatory time	-	-	1,127,254
Insurance claims	-	-	5,499,138
Undesignated	<u>935,468</u>	-	<u>48,390,005</u>
Total fund balances	<u>935,468</u>	<u>23,526,874</u>	<u>111,104,650</u>
Total liabilities and fund balances	<u>\$ 1,004,320</u>	<u>\$ 28,378,273</u>	<u>\$ 135,160,091</u>

See accompanying notes to financial statements.

City of Warren, Michigan
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
June 30, 2006

Fund balances - governmental funds (Exhibit B-1) **\$ 111,104,650**

Amounts reported for governmental activities in the statement of net assets differ due to:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds

Historical cost	\$ 273,823,935	
Accumulated depreciation	<u>(131,925,658)</u>	141,898,277

Long-term liabilities, including accrued interest on the associated debt, are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds. Long-term liabilities consist of:

Bonds payable	\$ (111,536,471)	
Installment purchase agreements	(78,209)	
Land contract	(587,670)	
Compensated absences payable	(15,898,941)	
Compensatory time payable	(2,129,983)	
Accrued insurance claims	(5,499,138)	
Accrued interest payable	<u>(1,017,436)</u>	(136,747,848)

Bond issuance costs, premiums and discounts and deferred refunding charges are not current financial resources and therefore are not reported in the governmental funds.

Bond issuance costs	\$ 1,097,438	
Bond premiums / discounts	805,520	
Deferred refunding charge	<u>741,592</u>	2,644,550

Proceeds from certain long-term receivables do not represent current financial resources and therefore are not reported in the governmental funds.

Community Development Block Grant loans	\$ 5,673,215	
Special assessments	<u>2,471,789</u>	8,145,004

Delinquent property taxes were reduced to reflect a settlement agreement that will span multiple fiscal years. Going forward, annual budgets will appropriate funds equal to the amount of taxes to be written off during the respective fiscal year.

(1,100,000)

Total net assets - governmental activities (Exhibit A-1) **\$ 125,944,633**

EXHIBIT B-3

CITY OF WARREN, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2006

		Special Revenue Funds	
		Michigan Transportation Operating	
	General Fund	Major Streets	Local Streets
Revenues:			
Property taxes	\$ 60,386,167	\$ -	\$ -
Special assessments	-	-	-
Licenses and permits	2,420,993	-	-
Intergovernmental:			
Federal revenue	1,604,251	-	-
State revenue	15,919,836	6,738,805	2,119,875
Local revenue	632,224	23,802	-
Charges for services	1,114,413	-	-
Fines and fees	4,991,922	-	-
Interest	2,617,658	297,770	110,180
Sale of property	1,921,444	-	-
Miscellaneous	5,089,684	-	418
Total revenue	<u>96,698,592</u>	<u>7,060,377</u>	<u>2,230,473</u>
Expenditures:			
General government	25,555,753	-	-
Public safety	56,883,739	-	-
City development	4,791,022	-	-
Highways and streets	2,395,887	3,590,793	3,657,300
Recreation and culture	32,874	-	-
Sanitation	-	-	-
Economic development	-	-	-
Community development	-	-	-
Capital projects	-	-	-
Debt service:			
Principal retirement	221,626	-	-
Interest	48,035	-	-
Other	39,563	-	-
Total expenditures	<u>89,968,499</u>	<u>3,590,793</u>	<u>3,657,300</u>
Excess (deficiency) of revenues over expenditures	<u>6,730,093</u>	<u>3,469,584</u>	<u>(1,426,827)</u>
Other financing sources (uses):			
Operating transfers in	110,000	70,000	1,657,220
Operating transfers out	(1,145,675)	(3,627,947)	(110,305)
Proceeds from sale of bonds	-	-	-
Payment to refunded bond escrow agent	-	-	-
Bond premiums/(discounts)	-	-	-
Total other financing sources (uses)	<u>(1,035,675)</u>	<u>(3,557,947)</u>	<u>1,547,415</u>
Excess (deficiency) of revenues and financing sources over expenditures and other uses	5,694,418	(88,363)	120,588
Fund balance - beginning of year	<u>47,228,035</u>	<u>7,944,522</u>	<u>2,213,633</u>
Fund balance - end of year	<u>\$ 52,922,453</u>	<u>\$ 7,856,159</u>	<u>\$ 2,334,221</u>

See accompanying notes to financial statements

Special Revenue Funds					
Sanitation	Recreation	Library	Community Development Block Grant	HOME Investment Partnership	H.O.P.W.A.
\$ 8,139,507	\$ 4,193,112	\$ 2,096,555	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	1,006,012	260,289	435,129
-	359,004	409,697	-	-	-
-	-	-	-	-	-
560,000	2,011,100	-	-	-	-
-	-	57,293	-	-	-
160,189	116,094	29,731	-	-	-
812	850	315,440	-	-	-
108,760	112,964	2,139	468,017	469,992	-
<u>8,969,268</u>	<u>6,793,124</u>	<u>2,910,855</u>	<u>1,474,029</u>	<u>730,281</u>	<u>435,129</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	5,820,242	2,582,269	-	-	-
8,073,020	-	-	-	-	-
-	-	-	-	-	-
-	-	-	1,551,520	352,886	435,129
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>8,073,020</u>	<u>5,820,242</u>	<u>2,582,269</u>	<u>1,551,520</u>	<u>352,886</u>	<u>435,129</u>
<u>896,248</u>	<u>972,882</u>	<u>328,586</u>	<u>(77,491)</u>	<u>377,395</u>	<u>-</u>
-	-	-	-	-	-
(53,275)	(602,929)	(132,049)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>(53,275)</u>	<u>(602,929)</u>	<u>(132,049)</u>	<u>-</u>	<u>-</u>	<u>-</u>
842,973	369,953	196,537	(77,491)	377,395	-
<u>3,948,130</u>	<u>2,879,738</u>	<u>684,770</u>	<u>95,329</u>	<u>555,237</u>	<u>100</u>
<u>\$ 4,791,103</u>	<u>\$ 3,249,691</u>	<u>\$ 881,307</u>	<u>\$ 17,838</u>	<u>\$ 932,632</u>	<u>\$ 100</u>

EXHIBIT B-3 (continued)

CITY OF WARREN, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2006

	Special Revenue Funds		
	Tank Plant Redevelopment	Communications	Rental Ordinance
Revenues:			
Property taxes	\$ -	\$ -	\$ -
Special assessments	-	-	-
Licenses and permits	-	-	-
Intergovernmental:			
Federal revenue	-	-	-
State revenue	-	-	-
Local revenue	-	-	-
Charges for services	-	-	40,000
Fines and fees	-	1,206,596	133,995
Interest	-	71,488	2,577
Sale of property	-	-	-
Miscellaneous	-	498	-
Total revenue	<u>-</u>	<u>1,278,582</u>	<u>176,572</u>
Expenditures:			
General government	-	-	-
Public safety	-	-	-
City development	-	-	200,607
Highways and streets	-	-	-
Recreation and culture	-	1,298,725	-
Sanitation	-	-	-
Economic development	-	-	-
Community development	-	-	-
Capital projects	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest	-	-	-
Other	-	-	-
Total expenditures	<u>-</u>	<u>1,298,725</u>	<u>200,607</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(20,143)</u>	<u>(24,035)</u>
Other financing sources (uses):			
Operating transfers in	-	-	-
Operating transfers out	(2,061,267)	(202,933)	-
Proceeds from sale of bonds	-	-	-
Payment to refunded bond escrow agent	-	-	-
Bond premiums/(discounts)	-	-	-
Total other financing sources (uses)	<u>(2,061,267)</u>	<u>(202,933)</u>	<u>-</u>
Excess (deficiency) of revenues and financing sources over expenditures and other uses	(2,061,267)	(223,076)	(24,035)
Fund balance - beginning of year	<u>2,181,326</u>	<u>2,192,337</u>	<u>70,891</u>
Fund balance - end of year	<u>\$ 120,059</u>	<u>\$ 1,969,261</u>	<u>\$ 46,856</u>

EXHIBIT B-3 (continued)

Special Revenue Funds				Debt Service Funds	
Vice Crime Confiscations	Drug Forfeiture	Police Training	D.D.A. Administration	Chapter 20 and 21 Drain Bonds	Special Assessment Bonds Series 2002
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	56,004	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
27,253	274,228	-	-	-	-
3,993	22,491	3,899	-	20,527	-
-	1,541	-	-	-	-
-	-	-	-	-	-
<u>31,246</u>	<u>298,260</u>	<u>59,903</u>	<u>-</u>	<u>20,527</u>	<u>-</u>
-	-	-	-	-	-
-	150,696	39,386	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	660,000	240,000
-	-	-	-	39,510	13,025
-	-	-	-	2,310	275
-	<u>150,696</u>	<u>39,386</u>	<u>-</u>	<u>701,820</u>	<u>253,300</u>
<u>31,246</u>	<u>147,564</u>	<u>20,517</u>	<u>-</u>	<u>(681,293)</u>	<u>(253,300)</u>
-	-	-	-	-	49,286
-	(110,000)	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	<u>(110,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,286</u>
31,246	37,564	20,517	-	(681,293)	(204,014)
<u>87,048</u>	<u>490,642</u>	<u>97,342</u>	<u>-</u>	<u>1,002,023</u>	<u>586,150</u>
<u>\$ 118,294</u>	<u>\$ 528,206</u>	<u>\$ 117,859</u>	<u>\$ -</u>	<u>\$ 320,730</u>	<u>\$ 382,136</u>

EXHIBIT B-3 (continued)

CITY OF WARREN, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2006

	Debt Service Funds			
	Special Assessment Bonds		Tax Increment Finance Authority	
	Series 2003	Series 2005	Series 1991	Refunding Series 1999
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental:				
Federal revenue	-	-	-	-
State revenue	-	-	-	-
Local revenue	-	-	-	-
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Interest	-	-	-	-
Sale of property	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
General government	-	-	-	-
Public safety	-	-	-	-
City development	-	-	-	-
Highways and streets	-	-	-	-
Recreation and culture	-	-	-	-
Sanitation	-	-	-	-
Economic development	-	-	-	-
Community development	-	-	-	-
Capital projects	-	-	-	-
Debt service:				
Principal retirement	458,170	150,000	-	160,000
Interest	32,049	65,150	24,000	24,825
Other	161	225	700	300
Total expenditures	<u>490,380</u>	<u>215,375</u>	<u>24,700</u>	<u>185,125</u>
Excess (deficiency) of revenues over expenditures	<u>(490,380)</u>	<u>(215,375)</u>	<u>(24,700)</u>	<u>(185,125)</u>
Other financing sources (uses):				
Operating transfers in	13,791	627,833	24,700	185,125
Operating transfers out	-	-	-	-
Proceeds from sale of bonds	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Bond premiums/(discounts)	-	-	-	-
Total other financing sources (uses)	<u>13,791</u>	<u>627,833</u>	<u>24,700</u>	<u>185,125</u>
Excess (deficiency) of revenues and financing sources over expenditures and other uses	<u>(476,589)</u>	<u>412,458</u>	<u>-</u>	<u>-</u>
Fund balance - beginning of year	<u>1,475,372</u>	<u>879,546</u>	<u>-</u>	<u>-</u>
Fund balance - end of year	<u>\$ 998,783</u>	<u>\$ 1,292,004</u>	<u>\$ -</u>	<u>\$ -</u>

Debt Service Funds

Downtown Development Authority Bonds (1)				Michigan Transportation Bonds	
Series 2002	Series 2003	Series 2004	Series 2005	Series 1997	Series 2000
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	36,792	-	-
-	-	-	-	-	-
-	-	-	36,792	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	305,000	100,000
1,438,688	1,156,875	1,317,563	220,750	125,310	229,655
412	375	337	113	350	275
1,439,100	1,157,250	1,317,900	220,863	430,660	329,930
(1,439,100)	(1,157,250)	(1,317,900)	(184,071)	(430,660)	(329,930)
1,439,100	1,157,250	1,317,900	184,071	430,660	329,930
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,439,100	1,157,250	1,317,900	184,071	430,660	329,930
-	-	-	-	-	-
-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(1) Nineteen month period ending June 30, 2006

EXHIBIT B-3 (continued)

CITY OF WARREN, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended June 30, 2006

	Debt Service Funds		
	Michigan Transportation Bonds		Building Authority Bonds
	Refunding Series 2003	Series 2003	Bonds Series 2001
Revenues:			
Property taxes	\$ -	\$ -	\$ -
Special assessments	-	-	-
Licenses and permits	-	-	-
Intergovernmental:			
Federal revenue	-	-	-
State revenue	-	-	-
Local revenue	-	-	-
Charges for services	-	-	-
Fines and fees	-	-	-
Interest	-	-	-
Sale of property	-	-	-
Miscellaneous	-	-	-
Total revenue	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:			
General government	-	-	-
Public safety	-	-	-
City development	-	-	-
Highways and streets	-	-	-
Recreation and culture	-	-	-
Sanitation	-	-	-
Economic development	-	-	-
Community development	-	-	-
Capital projects	-	-	-
Debt service:			
Principal retirement	1,025,000	100,000	325,000
Interest	50,537	181,650	93,531
Other	<u>250</u>	<u>225</u>	<u>275</u>
Total expenditures	<u>1,075,787</u>	<u>281,875</u>	<u>418,806</u>
Excess (deficiency) of revenues over expenditures	<u>(1,075,787)</u>	<u>(281,875)</u>	<u>(418,806)</u>
Other financing sources (uses):			
Operating transfers in	1,075,787	281,875	390,111
Operating transfers out	-	-	-
Proceeds from sale of bonds	-	-	-
Payment to refunded bond escrow agent	-	-	-
Bond premiums/(discounts)	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>1,075,787</u>	<u>281,875</u>	<u>390,111</u>
Excess (deficiency) of revenues and financing sources over expenditures and other uses	-	-	(28,695)
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>28,695</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Debt Service Funds			Capital Projects Funds		
Building Authority Bonds			Special Assessment Funds		
Series 2002	Series 2005	Refunding Series 2005	Special Assessment Revolving	Sidewalk and Tree Revolving	T.I.F.A. District
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	34,604	947,714	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	13,022	-
-	-	-	-	-	-
-	-	29,766	2,342	24,091	-
-	-	-	-	-	-
-	-	-	-	-	47,029
-	-	29,766	36,946	984,827	47,029
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	108,272
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	1,498,553	-
388,786	400,000	160,000	-	-	-
64,721	188,450	332,469	-	-	-
251	225	225,864	-	-	-
453,758	588,675	718,333	-	1,498,553	108,272
(453,758)	(588,675)	(688,567)	36,946	(513,726)	(61,243)
450,652	588,675	462,703	-	2,061,267	-
-	-	-	-	(690,910)	-
-	-	10,835,000	-	-	-
-	-	(10,474,047)	-	-	-
-	-	(135,089)	-	-	-
450,652	588,675	688,567	-	1,370,357	-
(3,106)	-	-	36,946	856,631	(61,243)
3,106	14,657	-	896,119	1,675,425	224,870
\$ -	\$ 14,657	\$ -	\$ 933,065	\$ 2,532,056	\$ 163,627

EXHIBIT B-3 (continued)

CITY OF WARREN, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2006

	Capital Projects Funds		
	Michigan Transportation Construction Funds		
	1997 Major Streets	2000 Major Streets	2003 Major Streets
Revenues:			
Property taxes	\$ -	\$ -	\$ -
Special assessments	-	-	-
Licenses and permits	-	-	-
Intergovernmental:			
Federal revenue	-	-	-
State revenue	-	-	-
Local revenue	-	-	-
Charges for services	-	-	-
Fines and fees	-	-	-
Interest	2,650	34,043	45,536
Sale of property	-	-	-
Miscellaneous	-	-	-
Total revenue	<u>2,650</u>	<u>34,043</u>	<u>45,536</u>
Expenditures:			
General government	-	-	-
Public safety	-	-	-
City development	-	-	-
Highways and streets	-	379,542	2,527,012
Recreation and culture	-	-	-
Sanitation	-	-	-
Economic development	-	-	-
Community development	-	-	-
Capital projects	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest	-	-	-
Other	-	-	-
Total expenditures	<u>-</u>	<u>379,542</u>	<u>2,527,012</u>
Excess (deficiency) of revenues over expenditures	<u>2,650</u>	<u>(345,499)</u>	<u>(2,481,476)</u>
Other financing sources (uses):			
Operating transfers in	-	154,920	-
Operating transfers out	(154,920)	-	-
Proceeds from sale of bonds	-	-	-
Payment to refunded bond escrow agent	-	-	-
Bond premiums/(discounts)	-	-	-
Total other financing sources (uses)	<u>(154,920)</u>	<u>154,920</u>	<u>-</u>
Excess (deficiency) of revenues and financing sources over expenditures and other uses	<u>(152,270)</u>	<u>(190,579)</u>	<u>(2,481,476)</u>
Fund balance - beginning of year	<u>152,270</u>	<u>1,004,953</u>	<u>3,003,564</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ 814,374</u>	<u>\$ 522,088</u>

Capital Projects Funds

Building Authority Construction Funds				37th District Court Building Renovation	Sewer Plant Expansion
Series 1997	Series 2001	Series 2002	Series 2005		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	604,131	-
-	73	1,773	104,077	26,987	-
-	-	-	-	-	-
-	-	-	-	-	-
-	73	1,773	104,077	631,118	-
199	11,430	13,789	410,910	-	-
-	-	-	2,524,134	-	-
-	-	-	114,404	-	-
-	-	-	-	-	-
-	-	-	81,928	-	-
-	-	-	265,869	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
199	11,430	13,789	3,397,245	-	-
(199)	(11,357)	(12,016)	(3,293,168)	631,118	-
-	3,510	184	-	-	-
(3,260)	(184)	(250)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(3,260)	3,326	(66)	-	-	-
(3,459)	(8,031)	(12,082)	(3,293,168)	631,118	-
3,459	9,042	54,745	4,927,524	376,773	96,828
\$ -	\$ 1,011	\$ 42,663	\$ 1,634,356	\$ 1,007,891	\$ 96,828

EXHIBIT B-3 (continued)

CITY OF WARREN, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2006

	Capital Projects Funds		
	Tax Increment Finance Authority	Downtown Development Authority (1)	Total Governmental Funds
Revenues:			
Property taxes	\$ 449,753	\$ 9,063,715	\$ 84,328,809
Special assessments	-	-	982,318
Licenses and permits	-	-	2,420,993
Intergovernmental:			-
Federal revenue	-	-	3,305,681
State revenue	-	100,000	25,703,221
Local revenue	-	-	656,026
Charges for services	-	363,193	4,101,728
Fines and fees	-	-	7,295,418
Interest	26,401	1,613,489	5,404,617
Sale of property	-	-	2,240,087
Miscellaneous	58,500	490	6,358,491
Total revenue	<u>534,654</u>	<u>11,140,887</u>	<u>142,797,389</u>
Expenditures:			
General government	-	-	25,992,081
Public safety	-	-	59,597,955
City development	-	-	5,106,033
Highways and streets	-	-	12,658,806
Recreation and culture	-	-	9,816,038
Sanitation	-	-	8,338,889
Economic development	595,866	38,619,659	39,215,525
Community development	-	-	2,339,535
Capital projects	-	-	1,498,553
Debt service:			
Principal retirement	-	-	4,693,582
Interest	-	-	5,646,793
Other	-	169,687	442,173
Total expenditures	<u>595,866</u>	<u>38,789,346</u>	<u>175,345,963</u>
Excess (deficiency) of revenues over expenditures	<u>(61,212)</u>	<u>(27,648,459)</u>	<u>(32,548,574)</u>
Other financing sources (uses):			
Operating transfers in	-	-	13,067,050
Operating transfers out	(209,825)	(4,098,321)	(13,204,050)
Proceeds from sale of bonds	-	15,000,000	25,835,000
Payment to refunded bond escrow agent	-	-	(10,474,047)
Bond premiums/(discounts)	-	(149,820)	(284,909)
Total other financing sources (uses)	<u>(209,825)</u>	<u>10,751,859</u>	<u>14,939,044</u>
Excess (deficiency) of revenues and financing sources over expenditures and other uses	<u>(271,037)</u>	<u>(16,896,600)</u>	<u>(17,609,530)</u>
Fund balance - beginning of year	<u>1,206,505</u>	<u>40,423,474</u>	<u>128,714,180</u>
Fund balance - end of year	<u>\$ 935,468</u>	<u>\$ 23,526,874</u>	<u>\$ 111,104,650</u>

(1) Nineteen month period ending June 30, 2006

City of Warren, Michigan
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
June 30, 2006

Net change in fund balances - governmental funds (Exhibit B-3) **\$ (17,609,530)**

Amounts reported for governmental activities in the statement of activities differ due to:

Governmental funds report capital outlays as expenditures. However, in the statement of activities these items are capitalized and the costs of those assets are allocated over their estimated useful lives as depreciation.

Capitalized assets	\$ 39,294,141	
Depreciation	<u>(5,449,209)</u>	33,844,932

In the statement of activities, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale are reported.

(140,750)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources. Neither transaction, however, has any effect on net assets.

Issuance on long-term debt	\$ (15,000,000)	
Principal payment on long-term debt	<u>4,693,582</u>	(10,306,418)

Governmental funds report the effect of issuance costs, premiums, discounts and advance refunding charges when long-term debt is issued, whereas these amounts are deferred and amortized in the statement of activities.

Bond issuance costs, net of amortization	\$ 49,842	
Bond discounts, net of amortization	96,514	
Deferred refunding charges, net of amortization	<u>(64,697)</u>	81,659

Accrued interest expense on long-term debt does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds.

(323,617)

Changes in accumulated employee compensated absences and compensatory time, as well as estimated general insurance claims, are recorded when earned or incurred in the statement of activities.

Compensated absences	\$ (156,935)	
Compensatory time	(144,232)	
Insurance claims	<u>1,610,942</u>	1,309,775

In the governmental funds, revenues from certain long-term receivables are only reported upon receipt of the proceeds.

Community Development Block Grant loans	\$ (7,725)	
Special assessments	<u>255,051</u>	247,326

Property taxes were reduced to reflect a settlement agreement that will eliminate certain delinquent taxes receivable over a period of multiple fiscal years .

(1,100,000)

Change in net assets - governmental activities (Exhibit A-2) **\$ 6,003,377**

See accompanying notes to financial statements

EXHIBIT B-5

CITY OF WARREN, MICHIGAN
STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

June 30, 2006

	Business-type Activities - Enterprise Funds			
	Water and	Senior Citizen Housing Funds		
	Sewer	Stilwell	Jos. Coach	
	System (1)	Manor	Manor	Totals
Assets				
Current assets:				
Cash and cash equivalents	\$ 1,603,941	\$ 3,782,835	\$ 2,125,524	\$ 7,512,300
Accounts receivable	8,375,469	2,394	-	8,377,863
Accrued interest on investments	1,902	7,394	5,216	14,512
Due from other funds	8,220	-	-	8,220
Land contract interest receivable	18,726	-	-	18,726
Materials and supplies inventory - at cost	251,826	-	-	251,826
Prepaid expenses	30,663	860	-	31,523
Total current assets	10,290,747	3,793,483	2,130,740	16,214,970
Restricted assets:				
Cash and cash equivalents	16,190,512	46,759	138,857	16,376,128
Due from State of Michigan	3,039,382	-	-	3,039,382
Designated for future projects	6,276,465	-	-	6,276,465
Total restricted assets	25,506,359	46,759	138,857	25,691,975
Deferred charges:				
Bond issuance costs	-	-	184,556	184,556
Other assets:				
Land contract receivable	624,203	-	-	624,203
Property, plant and equipment at cost:				
Land	605,219	221,644	-	826,863
Building and improvements	56,230,996	2,994,301	9,905,821	69,131,118
Utility system	110,165,562	-	-	110,165,562
Machinery, equipment and furniture	11,366,771	289,408	1,101,169	12,757,348
Total property, plant and equipment	178,368,548	3,505,353	11,006,990	192,880,891
Less: accumulated depreciation	72,517,510	2,261,228	3,344,021	78,122,759
Net property, plant and equipment	105,851,038	1,244,125	7,662,969	114,758,132
Total assets	\$ 142,272,347	\$ 5,084,367	\$ 10,117,122	\$ 157,473,836

(Continued)

Note:

(1) For fiscal year ended December 31, 2005.

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds			
	Water and Sewer System (1)	Senior Citizen Housing Funds		Totals
		Stilwell Manor	Jos. Coach Manor	
Liabilities and Fund Equity				
Current liabilities - unrestricted:				
Accounts payable	\$ 1,985,004	\$ 18,867	\$ 27,004	\$ 2,030,875
Accrued wages payable	215,736	8,679	1,817	226,232
Payroll taxes and deductions	152,785	-	-	152,785
Due to other funds	2,068,531	1,959,522	111,432	4,139,485
Building Authority bonds - current	-	-	545,000	545,000
Revenue bonds payable - current	1,736,830	-	-	1,736,830
Accrued interest payable	-	-	54,465	54,465
Deferred revenue	-	-	2,790	2,790
Customer deposits	114,194	-	-	114,194
Total current liabilities - unrestricted	6,273,080	1,987,068	742,508	9,002,656
Current liabilities - restricted assets:				
Accounts payable	1,053,426	-	-	1,053,426
Accrued interest payable	335,717	-	-	335,717
Building Authority bonds payable	38,344	-	-	38,344
Construction contracts to be performed in future periods	6,276,465	-	-	6,276,465
Tenant security deposits	-	46,759	138,857	185,616
Total current liabilities - restricted assets	7,703,952	46,759	138,857	7,889,568
Long term liabilities - unrestricted:				
Accumulative sick leave	1,621,952	22,877	-	1,644,829
Accumulative compensatory time	168,042	10,093	-	178,135
Revenue bonds payable	50,933,526	-	-	50,933,526
Building Authority bonds payable	-	-	7,715,000	7,715,000
Unamortized bond premium / (discount)	(273,008)	-	214,466	(58,542)
Deferred refunding charge	(2,128,264)	-	(613,966)	(2,742,230)
Total long term liabilities - unrestricted	50,322,248	32,970	7,315,500	57,670,718
Long term liabilities - restricted assets:				
Building Authority bonds payable	121,423	-	-	121,423
Unamortized bond discount	(425)	-	-	(425)
Total long term liabilities - restricted assets	120,998	-	-	120,998
Total liabilities	64,420,278	2,066,797	8,196,865	74,683,940
Net assets				
Invested in capital assets, net of related debt	56,575,655	1,244,125	-	57,819,780
Restricted for:				
Debt service	4,593,365	-	-	4,593,365
Construction	13,088,044	-	-	13,088,044
Insurance claims	500,000	-	-	500,000
Unrestricted net assets	3,095,005	1,773,445	1,920,257	6,788,707
Total net assets	77,852,069	3,017,570	1,920,257	82,789,896
Total liabilities and net assets	\$ 142,272,347	\$ 5,084,367	\$ 10,117,122	\$ 157,473,836

CITY OF WARREN, MICHIGAN
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUND TYPES
For the Year Ended June 30, 2006

	Business-type Activities - Enterprise Funds			
	Water and Sewer System (1)	Senior Citizen Housing Funds		
		Stilwell Manor	Jos. Coach Manor	Totals
Operating revenues:				
Charges for services	\$ 30,329,100	\$ -	\$ -	\$ 30,329,100
Rental revenues	-	467,167	1,017,649	1,484,816
Maintenance revenues	-	-	333,856	333,856
Other operating revenues	-	253,560	9,237	262,797
Total operating revenues	<u>30,329,100</u>	<u>720,727</u>	<u>1,360,742</u>	<u>32,410,569</u>
Operating expenses:				
Water purchases	7,395,809	-	-	7,395,809
Personal services	12,223,950	400,667	28,352	12,652,969
Contractual services	-	20,595	36,997	57,592
Materials and supplies	935,923	24,768	22,732	983,423
Utilities	-	131,709	60,890	192,599
Other services and charges	5,886,527	170,899	320,794	6,378,220
Depreciation	4,039,998	92,457	173,242	4,305,697
Total operating expenses	<u>30,482,207</u>	<u>841,095</u>	<u>643,007</u>	<u>31,966,309</u>
Operating income (loss)	<u>(153,107)</u>	<u>(120,368)</u>	<u>717,735</u>	<u>444,260</u>
Nonoperating revenues (expenses):				
Interest income	472,195	72,389	91,364	635,948
Interest expense	(1,699,044)	-	(370,157)	(2,069,201)
Bond issuance costs	-	-	(17,860)	(17,860)
Fiscal charges	-	-	(482)	(482)
Gain / (loss) on disposal of assets	-	-	-	-
Other revenue / (expense)	<u>(7,068)</u>	<u>-</u>	<u>-</u>	<u>(7,068)</u>
Total nonoperating revenues (expenses)	<u>(1,233,917)</u>	<u>72,389</u>	<u>(297,135)</u>	<u>(1,458,663)</u>
Net income (loss)	(1,387,024)	(47,979)	420,600	(1,014,403)
Net assets - beginning of year	<u>79,239,093</u>	<u>3,065,549</u>	<u>1,499,657</u>	<u>83,804,299</u>
Net assets - end of year	<u>\$ 77,852,069</u>	<u>\$ 3,017,570</u>	<u>\$ 1,920,257</u>	<u>\$ 82,789,896</u>

Note:

(1) For fiscal year ended December 31, 2005.

See accompanying notes to financial statements.

EXHIBIT B-7

CITY OF WARREN, MICHIGAN
STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For the Year Ended June 30, 2006

	Business-type Activities - Enterprise Funds			Totals
	Water and Sewer System (1)	Senior Citizen Housing Funds Stilwell Manor	Jos. Coach Manor	
Cash flows from operating activities:				
Cash received from customers	\$ 27,164,692	\$ 473,204	\$ 1,347,507	\$ 28,985,403
Cash payments to suppliers for goods and services	(13,682,069)	(321,810)	(462,025)	(14,465,904)
Cash payments to employees for services	(12,191,766)	(398,608)	(27,641)	(12,618,015)
Other operating revenues	<u>1,920,342</u>	<u>247,677</u>	<u>-</u>	<u>2,168,019</u>
Net cash provided by (used for) operating activities	<u>3,211,199</u>	<u>463</u>	<u>857,841</u>	<u>4,069,503</u>
Cash flows from other nonoperating activities:				
Cash flows from capital and related financing activities:				
Other income	-	-	-	-
Acquisition and construction of capital assets	(10,030,632)	-	-	(10,030,632)
Debt issuance less debt principal payments	6,096,047	-	(565,000)	5,531,047
Debt interest, issuance costs and fiscal charges	<u>(1,544,830)</u>	<u>-</u>	<u>(334,331)</u>	<u>(1,879,161)</u>
Net cash provided by (used for) capital and related financing activities	<u>(5,479,415)</u>	<u>-</u>	<u>(899,331)</u>	<u>(6,378,746)</u>
Cash flows from investing activities:				
Interest on investments	<u>487,706</u>	<u>69,259</u>	<u>86,148</u>	<u>643,113</u>
Net cash provided by (used for) investing activities	<u>487,706</u>	<u>69,259</u>	<u>86,148</u>	<u>643,113</u>
Other cash flows:				
Deposit error (2)	<u>-</u>	<u>1,885,754</u>	<u>-</u>	<u>1,885,754</u>
Net increase (decrease) in cash and cash equivalents	(1,780,510)	1,955,476	44,658	219,624
Cash and cash equivalents - beginning of year	<u>19,574,963</u>	<u>1,874,118</u>	<u>2,219,723</u>	<u>23,668,804</u>
Cash and cash equivalents - end of year	<u>\$ 17,794,453</u>	<u>\$ 3,829,594</u>	<u>\$ 2,264,381</u>	<u>\$ 23,888,428</u>

(Continued)

Notes:

(1) For fiscal year ended December 31, 2005

(2) General Fund state shared revenues were errantly deposited into the Sr. Housing account on June 30, 2006.

See accompanying notes to financial statements.

CITY OF WARREN, MICHIGAN
STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For the Year Ended June 30, 2006

	Business-type Activities - Enterprise Funds			
	Water and Sewer System (1)	Senior Citizen Housing Funds Stilwell Manor	Jos. Coach Manor	Totals
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	\$ (153,107)	\$ (120,368)	\$ 717,735	\$ 444,260
Adjustments to reconcile income to net cash provided by (used for) operating activities:				
Depreciation	4,039,998	92,457	173,242	4,305,697
Other income	-	-	-	-
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	(1,257,460)	(682)	-	(1,258,142)
(Increase) decrease in grants receivable	-	-	-	-
(Increase) decrease in interest receivable	2,097	-	-	2,097
(Increase) decrease in interfund receivables	-	-	-	-
(Increase) decrease in inventory	(4,440)	-	-	(4,440)
Increase (decrease) in accounts payable	(212,118)	(2,929)	(5,645)	(220,692)
Increase (decrease) in				
wages and benefits payable	46,063	2,059	711	48,833
(Increase) decrease in prepaid expenses	(13,879)	(860)	-	(14,739)
Increase (decrease) in customer deposits	10,857	836	2,713	14,406
Increase (decrease) in interfund payables	753,188	29,950	(14,967)	768,171
Increase (decrease) in deferred revenue	-	-	(15,948)	(15,948)
Total adjustments	3,364,306	120,831	140,106	3,625,243
Net cash provided by operating activities	\$ 3,211,199	\$ 463	\$ 857,841	\$ 4,069,503

Note:

(1) For fiscal year ended December 31, 2005.

EXHIBIT B-8

CITY OF WARREN, MICHIGAN
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

June 30, 2006

	Pension and Other Employee Benefit Trust Funds (1)	Agency Funds
Assets		
Cash and cash equivalents	\$ 139,644	\$ 2,211,131
Receivables:		
Investment sales	247,709	-
Accrued interest and dividends	1,806,821	154
Due from other funds:		
General fund	589,780	-
Other	1,799	-
Prepaid expenses	3,700	-
Investments, at fair value:		
Securities lending short-term collateral investment pool	53,401,508	-
Short-term cash management funds	20,150,005	-
Certificates of deposit	5,324,016	-
Distressed debt recovery fund	1,276,699	-
U.S. government obligations	30,703,039	-
U.S. government agencies' notes and debentures	21,849,271	-
Corporate and other bonds and securities	63,787,198	-
Equity mutual funds	32,585,446	-
Fixed income mutual funds	5,853,890	-
Real estate investment trusts	9,584,577	-
Mezzanine debt financing	500,400	-
Private equity	350,334	-
Equities	<u>264,196,496</u>	<u>-</u>
Total investments	<u>509,562,879</u>	<u>-</u>
Total assets	<u>512,352,332</u>	<u>2,211,285</u>
Liabilities		
Accounts payable	2,252,487	49,608
Due broker under securities lending agreement	53,401,508	-
Due to other funds:		
General fund	7,689,874	284
Water and sewer system	6,494	-
Deposits and escrows	-	1,513,609
Due to other governmental units	<u>-</u>	<u>647,784</u>
Total liabilities	<u>63,350,363</u>	<u>\$ 2,211,285</u>
Net assets		
Held in trust for pension and other employee benefits	<u>\$ 449,001,969</u>	

Note:

(1) The City Employees' Retirement System, Police and Fire Retirement System Police and Fire V.E.B.A. Trust and City Employees' Retirement Q.E.B.A Trust are reported for the fiscal year ended December 31, 2005.

The City Employee V.E.B.A. Trust is reported for the fiscal year ended June 30, 2006.

See accompanying notes to financial statements.

CITY OF WARREN, MICHIGAN
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

For the Year Ended June 30, 2006

	Pension and Other Employee Benefit Trust Funds (1)
Additions:	
Contributions:	
Employee contributions	\$ 410,899
Employer contributions	19,837,779
Employer contributions made on behalf of employees	<u>1,165,266</u>
Total contributions	<u>21,413,944</u>
Investment activity:	
Net appreciation/(depreciation) in fair value of investments	17,301,088
Interest and dividend income	<u>13,526,902</u>
	30,827,990
Less investment expense	<u>(2,167,692)</u>
Net investment gain/(loss)	<u>28,660,298</u>
Securities lending income:	
Interest and fees	1,600,455
Less borrower rebates and bank fees	<u>(1,513,721)</u>
Net securities lending income	<u>86,734</u>
Miscellaneous income	<u>3,987</u>
Total additions	<u>50,164,963</u>
Deductions:	
Retirees' pension benefits	26,410,477
Retirees' health insurance	13,287,547
Refunds and withdrawals of contributions	1,208,159
Administrative expense	<u>529,401</u>
Total deductions	<u>41,435,584</u>
Other Financing Sources (Uses):	
Operating transfers in	<u>-</u>
Net increase (decrease)	8,729,379
Net assets held in trust for pension and other employee benefits:	
Beginning of year	<u>440,272,590</u>
End of year	<u>\$ 449,001,969</u>

Note:

(1) The City Employees' Retirement System, Police and Fire Retirement System Police and Fire V.E.B.A. Trust and City Employees' Retirement Q.E.B.A Trust are reported for the fiscal year ended December 31, 2005.

The City Employee V.E.B.A. Trust is reported for the fiscal year ended June 30, 2006.

See accompanying notes to financial statements.

CITY OF WARREN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF WARREN, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Warren, formerly Warren Township, was incorporated January 1, 1957, under the provisions of Act 279, P.A. 1909 as amended (Home Rule Act). The City is administered by a Mayor, Council of nine members, Treasurer and Clerk, all of whom are elected for four-year terms. The City provides the following services as authorized by its charter: public safety (police and fire), highways and streets, sanitation, recreation, library, planning and zoning and general administrative services.

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Government Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements. Governments are also required to follow pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the City has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the City has not chosen to do so.

In June 1999, the GASB issued Statement No. 34, Basic Financial Statements – and Management Discussion and Analysis – for State and Local Governments. Certain of the significant changes in the Statement include the following:

A Management Discussion and Analysis (MD&A) section providing an analysis of the City's overall financial position and results of operations.

Financial statements prepared using the full accrual accounting for all the City's activities, including infrastructure reporting.

A change in the fund financial statements to focus on major funds.

The City has elected to report all governmental and proprietary funds as major funds in the fund financial statements. This election was made to provide the City's elected officials, department heads, financial administration and other users a greater degree of detailed financial information to manage and evaluate the City's operations.

1. REPORTING ENTITY

The financial statements of the reporting entity include those of the City of Warren (the primary government) and its component units, entities for which the City is considered to be financially responsible. Blended component units, although legally separate entities, are in substance part of the City's operations and data for these units is combined with the data of the primary government.

The City of Warren Building Authority and Tax Increment Finance Authority have fiscal years ending June 30. The Downtown Development Authority has elected to change its fiscal year from December 1 - November 30 to July 1 – June 30. Accordingly, the statements herein report Downtown Development Authority assets, liabilities and fund balance as of June 30, 2006 and revenues and expenditures for the 19 months ended June 30, 2006. These entities are considered blended component units based upon the following criteria:

The **City of Warren Building Authority** was incorporated, pursuant to the provisions of Act 31, Public Acts of Michigan, 1948, as amended, and approved by the Warren City Council for the purpose of acquiring, furnishing, equipping and maintaining buildings, structures and sites for use by the City. The Authority is governed by a Commission consisting of three members who are appointed by the Mayor and the City Council. All contracts entered into by the Authority must be approved by the City Council. The City has pledged its full faith and credit for payment of annual lease payments to the Authority in order to satisfy principal and interest requirements from issuance of Building Authority Bonds. The City of Warren Building Authority is reported within the Enterprise and Capital Projects funds.

The **Tax Increment Finance Authority** of the City of Warren was established pursuant to Act 450 of the Michigan Public Acts of 1980, and approved by the Warren City Council to prevent urban deterioration, encourage economic development and historic preservation within a defined geographic area of the City of Warren. The Authority is governed by a Board of Directors consisting of eight members who are appointed by the Mayor subject to the approval of the City Council. The City has pledged its full faith and credit for payment of principal and interest requirements from issuance of Tax Increment Finance Authority Bonds. The Tax Increment Finance Authority is reported as a Capital Projects fund.

(Continued)

CITY OF WARREN, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. REPORTING ENTITY (continued)

The **Downtown Development Authority** of the City of Warren was established pursuant to Act 197 of the Public Acts of Michigan, 1975, as amended, and approved by the Warren City Council to prevent property value deterioration, eliminate the causes of that deterioration, increase property tax valuation where possible and improve economic growth in the business district of the City. The Authority is governed by a Board of Directors which consists of the Mayor plus eight members appointed by the Mayor subject to the approval of the City Council. The Downtown Development Authority is reported within the Special Revenue and Capital Project funds.

Additional Information for each of the individual component units may be obtained at the entity's administrative offices.

City of Warren Building Authority
Council Office
5460 Arden
Warren, MI 48092

Tax Increment Finance Authority
Controller's Office
29500 Van Dyke Avenue
Warren, MI 48093

Downtown Development Authority
Controller's Office
29500 Van Dyke Avenue
Warren, MI 48093

2. GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. The statements are prepared on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Both, governmental activities and business-type activities are reported on a consolidated basis. The City's business-type activities include the operation of the Water and Sewer System and the Senior Citizen Housing complex. All other activities of the City, including police and fire protection, recreation, sanitation, library, public works, etc., are considered governmental activities.

For the most part, interfund activity has been eliminated from the government-wide financial statements. Exceptions are payments-in-lieu of taxes, water purchases and other charges between the proprietary funds and other governmental funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The statement of net assets reports net assets in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The City first utilizes restricted resources to finance qualifying activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers who purchase, use, or directly benefit from the goods or services provided 2) operating grants and contributions, and 3) capital grants and contributions. Taxes and other items not properly included among program revenues are reported as general revenues.

The City does not allocate indirect expenses. An administrative service fee is charged by the general fund to other funds to recover direct costs such as finance, personnel, purchasing, legal costs, etc., incurred by the general fund. This reimbursement is eliminated by the reducing corresponding revenues and expenses in the general fund.

3. FUND FINANCIAL STATEMENTS

The financial transactions of the City are organized on the basis of funds. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses as appropriate.

(Continued)

CITY OF WARREN, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3. FUND FINANCIAL STATEMENTS (continued)

The following fund types are used by the City:

Governmental Funds

The governmental funds measurement focus in the fund financial statements is based upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the City.

General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

Debt Service Funds are used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt.

Capital Projects Funds account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds.

Proprietary Funds

The proprietary funds measurement focus is based upon determining operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The following is a description of proprietary funds of the City:

Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods and services and the activity (a) is financed with debt that is solely secured by the pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on the pricing policy designed to recover similar costs.

Fiduciary Funds

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support City programs. The reporting focus is on net assets and changes in net assets and is reported using accounting principles similar to proprietary funds.

4. BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred.

(Continued)

CITY OF WARREN, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4. BASIS OF ACCOUNTING (continued)

Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenue to be available if they are collected within 90 days of the end of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. However, debt service payments expenditures, as well as expenditures related to compensated absences and claims and judgments, are recognized when due.

5. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

Cash and Cash Equivalents

The City has defined cash and cash equivalents to include cash on hand, demand deposits, short-term investment pools, and certificates of deposit with original maturities of three months or less from the date of acquisition.

Investments

Investments, including pension funds, are stated at fair value.

Receivables

During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, construct assets and service debt. To the extent that certain transactions between funds had not been paid or received as of the fiscal year end, balances are reported as "due to / due from other funds" in the governmental funds financial statements. These amounts are eliminated on the government-wide financial statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Property taxes and interest earnings are considered susceptible to accrual and are recognized as revenues of the current fiscal period. However, delinquent property taxes are reported as a reservation of fund balance in the governmental fund financial statements because they are not available to pay current liabilities.

Only the portion of special assessments due within the current fiscal year is considered as revenue susceptible to accrual in the governmental fund financial statements. The remaining balance of special assessment receivables is recorded as deferred revenue.

Inventories and prepaid items

All inventories are valued at cost using the first-in / first-out (FIFO) method. Inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Inventories and prepaid items are reported as a reservation of fund balance in the governmental fund financial statements because they are not available to pay current liabilities.

CITY OF WARREN, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (continued)

Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of at least \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's useful life are not capitalized.

Property, plant and equipment is depreciated using the straight line method over the following estimated lives:

Buildings	40 - 60 years
Water and sewer mains	50 years
Machinery and equipment	5 - 25 years
Land improvements	20 years
Road system	12 - 50 years

Compensated absences and compensatory time

All full-time employees of the City earn one sick leave day for each month of service rendered, not to exceed twelve days in any calendar year. Employees are allowed to accumulate anywhere from 27 days to 225 days depending upon their hire date, union affiliation and pension plan participation. Upon retirement, most employees are paid eighty percent of their accumulated sick bank.

Employees are allowed to accumulate compensatory time in lieu of receiving overtime pay. Compensatory time is allowed to accumulate to a maximum of 150 hours.

Compensated absences and compensatory time, inclusive of associated payroll taxes and benefits, are accrued in the government-wide financial statements.

The governmental fund financial statements report a designation of fund balance for compensated absences and compensatory time to the extent that budget appropriations have been approved to fund this noncurrent liability.

Long-term debt

In the government-wide financial statements, and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources.

Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

(Continued)

CITY OF WARREN, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

6. ENCUMBRANCES

Budgets in governmental funds and proprietary funds are encumbered upon issuance of purchase orders, contracts or other forms of legal commitments. Appropriations for the fiscal year lapse every June 30. However, management does restrict unreserved fund balance designated for the subsequent year's expenditures by the amount of material expenditures for goods and services which were ordered, budgeted and appropriated at year end but which had not been received or completed at that date. City Council, by separate resolution, reappropriates funds in the subsequent year to complete these transactions.

B. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

1. BUDGETARY DATA

Annual balanced budgets are adopted for the General, Special Revenue and Debt Service Funds as required by the Michigan Public Act 621 of 1978, the Uniform Budgeting and Accounting Act. Budgets were not formally adopted for Tax Increment Finance Authority, Building Authority, Downtown Development Authority or Special Assessment Debt Service Funds. Although not required, budgets were formally adopted for the Water and Sewer System and Senior Citizen Housing Proprietary Funds as well as the Sewer Plant Expansion and 37th District Court Building Renovation Capital Projects Funds to assist management in monitoring operations.

The City Council follows these procedures in establishing the budgetary data reflected in the financial statements:

Not later than the second Monday in April of each year, the Mayor shall submit to the Council a recommended budget for the next fiscal year.

The recommended budget of the Mayor, together with his supporting schedules, information and messages, shall be reviewed by the Council.

A public hearing on the budget shall be held not less than one week before its final adoption.

Not later than the third Monday in May of each year, the Council shall, by resolution, adopt a budget for the ensuing fiscal year in accordance with the Michigan Uniform Budgeting and Accounting Act.

Budgets for the General, Special Revenue and Debt Service Funds were adopted on the modified accrual basis of accounting consistent with generally accepted accounting principles.

2. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The City Council, by resolution, adopted the fiscal year 2006 budget on a budgetary center basis for all city departments, divisions, boards, commissions and other activities. Subsequently, management must seek approval from the City Council to amend any budgetary center's budget during the fiscal year. For the fiscal year ended June 30, 2006, the following budgetary centers exceeded the approved budget.

	<u>Total Expenditures</u>	<u>Amount Budgeted</u>	<u>Amount Over Budget</u>
Special Revenue Funds:			
Michigan Transportation Operating:			
Major Street Fund:			
Routine Maintenance	\$ 2,086,376	\$ 1,999,781	\$ 86,595
Enterprise Funds:			
Water and Sewer System (1):			
Shared Services	4,480,884	4,390,252	90,632

(1) For the fiscal year ended December 31, 2005.

(Continued)

CITY OF WARREN, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

C. DETAILED NOTES ON ALL FUNDS

1. DEPOSITS AND INVESTMENTS

The provisions of GASB statement No. 40 require the following disclosures regarding the City's, including its blended component units, deposits and investments and their exposure to various risks (*custodial credit, credit, interest rate, foreign currency and concentration*).

Custodial credit risk for deposits is the risk that in the event of a failure of a depository financial institution, the City will not be able to recover deposits or collateral securities that are in possession of an outside party. Custodial credit risk disclosures for the City's demand accounts and certificates of deposit are as follows:

	<u>Demand Accounts</u>	<u>Certificates of Deposit</u>	<u>Total</u>
General City (<i>excluding Water and Sewer System</i>)	\$ 2,656,252	\$ 46,300,000	\$ 48,956,252
Plus outstanding checks	1,889,712	-	1,889,712
Less deposits in transit	<u>(22,952)</u>	<u>-</u>	<u>(22,952)</u>
	<u>\$ 4,523,012</u>	<u>\$ 46,300,000</u>	<u>\$ 50,823,012</u>
FDIC insured	452,522	800,000	1,252,522
Uninsured and uncollateralized	4,070,490	45,500,000	49,570,490
Water and Sewer System (<i>as of December 31, 2005</i>)	\$ 84,568	\$ 1,000,000	\$ 1,084,568
Plus outstanding checks	-	-	-
Less deposits in transit	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 84,568</u>	<u>\$ 1,000,000</u>	<u>\$ 1,084,568</u>
FDIC insured (1)	-	-	-
Uninsured and uncollateralized	84,568	1,000,000	1,084,568
Building Authority	\$ 1,877,433	\$ 2,057,552	\$ 3,934,985
Plus outstanding checks	<u>1,613</u>	<u>-</u>	<u>1,613</u>
	<u>\$ 1,879,046</u>	<u>\$ 2,057,552</u>	<u>\$ 3,936,598</u>
FDIC insured	100,286	100,000	200,286
Uninsured and uncollateralized	1,778,760	1,957,552	3,736,312
Tax Increment Finance Authority	\$ 333	\$ -	\$ 333
Plus outstanding checks	<u>2,244</u>	<u>-</u>	<u>2,244</u>
	<u>\$ 2,577</u>	<u>\$ -</u>	<u>\$ 2,577</u>
FDIC insured	2,577	-	2,577
Uninsured and uncollateralized	-	-	-
Downtown Development Authority	\$ 11,396,023	\$ 4,080,486	\$ 15,476,509
Plus outstanding checks	<u>2,453,888</u>	<u>-</u>	<u>2,453,888</u>
	<u>\$ 13,849,911</u>	<u>\$ 4,080,486</u>	<u>\$ 17,930,397</u>
FDIC insured	200,000	100,000	300,000
Uninsured and uncollateralized	13,649,911	3,980,486	17,630,397

(1) The Water and Sewer System utilizes the same depositories as other City funds. Accordingly, their demand accounts and certificates of deposit should be considered predominately uninsured and uncollateralized.

Due to the amount of cash deposits and the limits of FDIC insurance, the City has determined that it is impractical to insure all deposits. The Controller evaluates each financial institution used as a depository for City funds and assesses the level of risk of each institution.

(Continued)

CITY OF WARREN, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

C. DETAILED NOTES ON ALL FUNDS

1. DEPOSITS AND INVESTMENTS (continued)

Custodial credit risk for investments is the risk that in the event of a failure of the counterparty to a transaction, the City will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the City, and are held by either the counterparty or the counterparty's trust department or agent but not in the name of the City. Investments in external investment pools and open-end mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form. None of the City's investments were exposed to custodial credit risk.

The City's investments in debt securities are exposed to credit and interest rate risks. *Credit risk* is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. *Interest rate risk* is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments in mutual funds, external investment pools, or other pooled investments that meet the definition of a 2a7-like pool are not subject to interest rate disclosure.

Credit and interest rate risk disclosures for the City's short-term cash management funds is as follows:

	<u>Amount Invested</u>	<u>Rating</u>	<u>2a-7 Like</u>	<u>Weighted Ave. Maturity</u>
General City (excluding Water and Sewer System):				
Chase – Govt. Operating Money Market Fund	\$ 1,368,069	Moody's Aaa	Yes	Not Applicable
LaSalle Bank – Public Funds Investment Trust	857,706	Moody's Aaa	No	30 days
National City – Municipal Investment Fund	55,000	Moody's A1+/P1	No	20 days
Huntington Bank – Automated Funds Investment	65,900	Not Rated	No	Not Available
MBIA – Michigan Class	10,100,679	Not Rated	Yes	Not Applicable
Comerica – Government Cash Investment Fund	12,793,234	Not Rated	Yes	Not Applicable
	<u>\$ 25,240,588</u>			
Water and Sewer System (as of December 31, 2005):				
Comerica – Government Cash Investment Fund	\$ 16,641,886	Not rated	Yes	Not Applicable
National City – Municipal Investment Fund	68,000	Moody's A1+/P1	No	20 days
	<u>\$ 16,709,886</u>			
Building Authority:				
Comerica – Government Cash Investment Fund	\$ 40,780	Not Rated	Yes	Not Applicable
Tax Increment Finance Authority:				
Comerica – Government Cash Investment Fund	\$ 1,000,170	Not Rated	Yes	Not Applicable
Downtown Development Authority:				
Chase – Govt. Operating Money Market Fund	\$ 3,629,408	Moody's Aaa	Yes	Not Applicable
Fifth Third Institutional Money Market Trust	91,281	Moody's Aaa	Yes	Not Applicable
	<u>\$ 3,720,689</u>			

Credit and interest rate disclosure for the City's debt investments, other than short-term cash management funds is as follows:

	<u>Amount Invested</u>	<u>Rating</u>	<u>Maturity Range</u>	
			<u>0 – 1 Year</u>	<u>1 – 3 Years</u>
Downtown Development Authority:				
U.S. government agencies:				
Federal National Mortgage Association	\$ 3,962,037	Moody's Aaa	\$ 3,962,037	\$ -
Commercial paper:				
Ford Motor Company, asset backed	1,678,299	Moody's A1/P1	1,678,299	-
ING America Insurance Holdings	1,980,948	Moody's A1/P1	1,980,948	-
Municipal bonds:				
Emmet County, Michigan	1,500,000	Moody's A1/P1	-	1,500,000
	<u>\$ 9,121,284</u>		<u>\$ 7,621,284</u>	<u>\$ 1,500,000</u>

(Continued)

CITY OF WARREN, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

C. DETAILED NOTES ON ALL FUNDS

1. DEPOSITS AND INVESTMENTS (continued)

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. None of the City's investments or deposits has exposure to foreign currency risk.

Concentration risk is the risk of loss attributed to the magnitude of an investment in a singular issuer. Concentration risk is subject to disclosure when investment in any one issuer represents 5 percent or more of total investments. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools and other pooled investments are excluded from this requirement. Investments in Federal National Mortgage Association, Ford Motor Company commercial paper, ING America Insurance Holdings commercial paper, and Emmet County, Michigan municipal bonds represent 30.85%, 13.07%, 15.43% and 11.68% respectively of the Downtown Development Authority's investment holdings.

Deposits and Investments of the Pension, VEBA and QEBA Trust Funds are summarized as follows:

City Employees' Retirement System:

The Board of Trustees of the Employees' Retirement System is authorized by Act No. 314 of the Public Acts of Michigan of 1965, as amended, to make investments in stocks, bonds, or other evidences of indebtedness, that in its judgment it may deem proper to purchase as an investment. The Employees' Retirement System Board of Trustees has contracted with independent investment firms to manage the system's investment portfolio.

As permitted under state statutes, the System is authorized to participate in securities lending transactions. The System entered into an agreement with Comerica Bank to lend its securities to broker-dealers and banks pursuant to the loan agreement.

During the fiscal year, Comerica Bank at the direction of the System lent securities and received United States currency as collateral. Borrowers were required to deliver collateral for each loan equal to at least one hundred percent (100%) of the market value of the loaned securities.

The System did not impose any restrictions during the fiscal year on the amount of the loans that Comerica Bank made on its behalf. There were no failures by any borrowers to return loaned securities or pay distributions thereon during the fiscal year. There were no losses to the System or Comerica Bank during the fiscal year resulting from default of the borrowers.

During the fiscal year, the System and the borrower maintained the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested, together with the cash collateral of other lenders, in a pool. The average duration of such investment pool as of December 31, 2005 was 99 days. Because the loans could terminate on demand, their duration did not generally match the duration of the investments made with the cash collateral. The collateral held and the fair value of the underlying securities on loan for the System as of December 31, 2005 were \$16,482,706 and \$15,976,154 respectively.

The provisions of GASB Statement No. 40 require the following disclosures regarding the Retirement System's deposits and investments and their exposure to various risks (custodial credit, credit, interest rate, foreign currency and concentration).

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the System will not be able to recover deposits or collateral securities that are in the possession of an outside party. Cash balances, without recognizing checks issued but not cashed, at December 31, 2005, excluding impress funds, were \$24,388. The entire amount was covered by federal deposit insurance. The System believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the System evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution.

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the System will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the System, and are held by either the counterparty or the counterparty's trust department or agent but not in the System's name. At December 31, 2005, none of the System's investments were exposed to custodial credit risk.

(Continued)

CITY OF WARREN, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

C. DETAILED NOTES ON ALL FUNDS

1. DEPOSITS AND INVESTMENTS (continued)

The System's investments in debt securities are exposed to credit and interest rate risks. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. To minimize exposure to these risks, the System has implemented the following policies for its fixed income investments: 1.) a maximum investment of 30 percent in bonds rated BBB, the balance in investment grade bonds rated A or better; 2.) may only invest in commercial paper maturing within 270 days of any domestic issuer provided such commercial paper be rated A1 or equivalent; and 3.) a weighted average portfolio maturity not to exceed 10 years.

Credit and interest rate risk disclosure for the System's short-term cash management funds are as follows:

<u>Short-term cash management funds:</u>	<u>Amount Invested</u>	<u>Rating</u>	<u>2a-7 Like</u>	<u>Ave. Weighted Maturity</u>
Comerica Short-term Fund Series C	\$ 6,260,659	Not Rated	Yes	28 days
Government Agency Repurchase Agreement	<u>1,428,431</u>	Not Rated	No	Overnight
	<u>\$ 7,689,090</u>			

Credit and interest rate risk disclosure for debt investments, other than short-term cash management funds is as follows:

<u>Credit Ratings:</u>	<u>Amount Invested</u>	<u>Percentage</u>
U.S. government	\$ 4,535,902	10.79%
U.S. government agencies	6,505,516	15.47%
Other debt securities as rated by Standard & Poors:		
AAA	5,637,714	13.41%
AA	3,841,424	9.14%
AA-	1,935,588	4.60%
A+	11,301,954	26.88%
A	4,689,667	11.15%
A-	254,553	0.61%
BBB+	1,344,558	3.20%
BBB	<u>2,003,310</u>	<u>4.75%</u>
	<u>\$ 42,050,186</u>	<u>100.00%</u>

<u>Interest Rate Risk:</u>	<u>Maturity Range</u>		
	<u>0 – 5 Years</u>	<u>5 – 15 Years</u>	<u>> 15 Years</u>
U.S. government	\$ -	\$ -	\$ 4,535,902
U.S. government agencies	3,718,675	798,232	1,988,609
Corporate asset backed	2,102,250	-	-
Corporate bonds	<u>11,759,472</u>	<u>13,651,731</u>	<u>3,495,315</u>
	<u>\$ 17,580,397</u>	<u>\$ 14,449,963</u>	<u>\$ 10,019,826</u>
	41.81%	34.36%	23.83%

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. None of the System's investments have exposure to foreign currency risk.

Concentration risk is the risk of loss attributed to the magnitude of an investment in a single issuer. Concentration risk is subject to disclosure when investment in any one issuer represents 5 percent or more of total investments. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools and other pooled investments are excluded from this requirement. None of the System's investments are subject to concentration risk disclosure.

(Continued)

CITY OF WARREN, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

C. DETAILED NOTES ON ALL FUNDS

1. DEPOSITS AND INVESTMENTS (continued)

Police and Fire Retirement System:

The Police and Fire Retirement System is authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse purchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate, debt or equity of certain small businesses, certain state and local government obligations and certain other specified investment vehicles. The System's deposits and investment policies are in accordance with statutory authority.

The System does not have a deposit policy for custodial credit risk. At December 31, 2005, the Police and Fire Retirement System had deposits of approximately \$118,000, of which the entire amount was covered by federal depository insurance. The System believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the System evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution.

None of the System's investments were exposed to custodial credit risk.

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating agencies. The System has no investment policy that would further limit its investment choices. At December 31, 2005, the credit ratings of debt securities were as follows:

<u>Credit Ratings:</u>	<u>Invested</u>	<u>Percentage</u>
U.S. government and agencies	\$ 26,534,931	38.78%
Other debt securities as rated by Standard & Poors:		
AAA	10,526,812	15.38%
AA+	498,606	0.73%
AA	1,346,544	1.97%
AA-	5,584,811	8.16%
A+	4,778,487	6.98%
A	5,371,389	7.85%
A-	2,964,951	4.33%
BBB+	2,570,767	3.76%
BBB	2,963,715	4.33%
BBB-	2,734,647	4.00%
BB+	779,045	1.14%
BB	287,264	0.42%
Not rated	<u>1,489,619</u>	<u>2.17%</u>
	<u>\$ 68,431,588</u>	<u>100.00%</u>

(Continued)

CITY OF WARREN, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

C. DETAILED NOTES ON ALL FUNDS

1. DEPOSITS AND INVESTMENTS (continued)

The System's investment policy does not restrict interest rate risk in regards to investment maturities, other than commercial paper that can only be purchased with a 270 day or less maturity. At December 31, 2005, the average maturities of investments are as follows:

<u>Interest Rate Risk:</u>	<u>Maturity Range</u>		
	<u>0 – 5 Years</u>	<u>5 – 15 Years</u>	<u>> 15 Years</u>
Asset backed	\$ 586,755	\$ 320,089	\$ 191,287
Corporate	8,662,491	8,220,375	4,686,359
Federal agencies	6,291,147	6,401,837	104,027
FHLM pools	942,524	579,121	17,538
FNMA pools	188,532	565,416	138,992
Foreign corporate	822,888	682,019	92,433
Foreign government	70,592	66,602	-
GNMA I pools	-	-	114,621
International agency	-	-	6,534
Municipal bonds	400,000	4,884	-
Private placement	478,963	1,336,727	1,577,708
U.S. government obligations	<u>12,456,878</u>	<u>7,136,344</u>	<u>5,287,905</u>
	<u>\$ 30,900,770</u>	<u>\$ 25,313,414</u>	<u>\$ 12,217,404</u>
	45.16%	36.99%	17.85%

The System restricts the amount of investments in foreign currency denominated investments to 5 percent of total pension system investments. The following securities are subject to foreign currency risk:

Foreign bonds	Euro	\$ 878,275
	Yen	462,961
	UK pound	234,928
	Other	131,339
	U.S. dollar	33,783
Foreign stocks	Euro	20,636,657
	Yen	11,111,064
	UK pound	5,638,265
	Other	3,152,133
	U.S. dollar	810,785

None of the System's investments are subject to concentration risk disclosure.

Police and Fire VEBA Trust:

The Police and Fire Retirement Health Benefits Plan and Trust is authorized by Michigan Public Act 485 of 1996 to invest in U.S. bonds and notes, certain commercial paper, U.S. government repurchase agreements, bankers acceptances, mutual funds and investment pools that are composed of authorized investment vehicles, certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, debt or equity of certain small businesses, certain state and local government obligations and certain other specified investment vehicles.

At December 31, 2005, the credit ratings of debt securities (other than the U.S. government) are as follows:

	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Organization</u>
Index funds	\$ 2,206,126	Not rated	N/A

(Continued)

CITY OF WARREN, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

C. DETAILED NOTES ON ALL FUNDS

1. DEPOSITS AND INVESTMENTS (continued)

City Employees' VEBA Trust:

The Board of Trustees of the Employees' VEBA Trust is authorized by Act No. 314 of the Public Acts of Michigan of 1965, as amended, to make investments in stocks, bonds, or other evidences of indebtedness, that in its judgment it may deem proper to purchase as an investment. The Board of Trustees has contracted with independent investment firms to manage the system's investment portfolio.

There were no outstanding deposits as of June 30, 2006.

None of the Trust's investments were exposed to custodial credit, foreign currency or concentration risk. Credit and interest rate risk disclosure for the Trust's investments in debt securities is as follows:

	<u>Amount Invested</u>	<u>Rating</u>	<u>2a-7 Like</u>	<u>Weighted Ave. Maturity</u>
<u>Short-term cash management funds:</u>				
Goldman Sachs FS Prime Obligations Fund	\$ 1,542,588	Moody's Aaa	Yes	Not Applicable

Debt securities (other than short-term cash management funds):

<u>Credit Rating</u>	<u>Fair Value</u>	<u>Segmented Time Distribution</u>	<u>Fair Value</u>
U.S. Government	\$ 1,286,010	Less than 1 year	\$ 750,087
Moody's: Aaa	393,584	1 – 3 years	2,107,460
Aa1	412,412	3 – 5 years	821,992
Aa2	542,807	5 – 10 years	<u>2,178,195</u>
Aa3	597,828		<u>\$ 5,857,734</u>
A1	1,078,593		
A2	495,789		
A3	583,521		
Baa3	<u>467,190</u>		
	<u>\$ 5,857,734</u>		

City Employees' QEBA Trust:

There were no outstanding deposits at December 31, 2005.

All of the QEBA Trust's investments are in short-term cash management funds. Credit and interest risk disclosures for the short-term cash management funds are as follows:

	<u>Amount Invested</u>	<u>Rating</u>	<u>2a-7 Like</u>	<u>Weighted Ave. Maturity</u>
<u>Short-term cash management funds:</u>				
Goldman Sachs FS Prime Obligations Fund	\$ 14,290	Moody's Aaa	Yes	Not Applicable

External investment pools are excluded from disclosure of concentration of credit risk. None of the investments indicated above have exposure to foreign currency risk.

(Continued)

CITY OF WARREN, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

C. DETAILED NOTES ON ALL FUNDS

2. RECEIVABLES

Delinquent tax receivables represent uncollected personal property taxes. Delinquent taxes remain as a lien on the property until paid or stricken by the Macomb County Circuit Court. The allowance for uncollectible taxes is estimated at five percent of the original amount of delinquent personal property taxes for the tax years not yet stricken.

<u>Delinquent Taxes By Year</u>	<u>Total</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>
2000	\$ 268,971	\$ 204,519	\$ 48,132	\$ 16,320
2001	361,213	283,667	68,726	8,820
2002	498,261	394,751	95,448	8,062
2003	522,976	415,726	107,250	-
2004	579,160	460,349	118,811	-
2005	<u>354,306</u>	<u>285,760</u>	<u>68,546</u>	<u>-</u>
	2,584,887	2,044,772	506,913	33,202
Less: Allowance for Uncollectible Taxes	(261,198)	(250,356)	(8,624)	(2,218)
	<u>\$ 2,323,689</u>	<u>\$ 1,794,416</u>	<u>\$ 498,289</u>	<u>\$ 30,984</u>

On November 9, 2005 the Warren City Council approved a proposed settlement agreement with DTE Energy in regards to utility assessments. Under the terms of the agreement, provided the City uses approved State Tax Commission (STC) multiplier tables for the tax years 2006, 2007 and 2008, DTE Energy will pay personal property taxes for the 1997, 1998, 1999 and 2005 tax years as previously assessed. In addition, effective October 2007 and for the four years thereafter, the STC will issue an order to strike outstanding personal property taxes for the 2000, 2001, 2002, 2003 and 2004 tax years. Ultimately, outstanding delinquent personal property taxes totaling approximately \$1.1 million will be stricken. Funds will be appropriated in each budget year as the order to strike is received. These delinquent personal property taxes are reflected as a component of "Fund Balance – Reserved for Accounts Receivable" in the Governmental Funds Balance Sheet. Conversely, "Delinquent Taxes Receivable" has been reduced by the amount of this potential write-off in the Statement of Net Assets.

Notes receivable consists primarily of loans made under the Community Development Block Grant's Home Loan Rehabilitation Program. This program assists low and very low-income residents to afford safe and sanitary housing, including limited improvements to the property. The largest portion of the \$5,673,215 notes outstanding at June 30, 2006 represents deferred and installment loans. Deferred loans are payable at the end of a set deferral period or upon change of home ownership, whichever comes first. Installment loans are payable through a series of monthly payments over a prescribed period of time, not to exceed twenty years. All loans are secured by a mortgage or equity interest lien. Annual interest rates range from 0% for deferred loans to 4% for installment basis loans.

Interfund receivables, payables and transfers. During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, construct assets and service debt. To the extent that certain transactions between funds had not been paid or received as of the fiscal year end, balances are reported as "due to / due from other funds". All amounts represented are considered to be current obligations.

(Continued)

CITY OF WARREN, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

C. DETAILED NOTES ON ALL FUNDS

2. RECEIVABLES (continued)

	<u>Amount Receivable</u>		<u>Amount Payable</u>
<u>Governmental Funds:</u>		<u>Governmental Funds:</u>	
General Fund:		General Fund:	
Due from other Governmental Funds:		Due to other Governmental Funds:	
Michigan Transportation Operating -		Michigan Transportation Construction -	
Major Streets	\$ 258,698	- Series 2003	\$ 237,330
Local Streets	276,357		<u>237,330</u>
Community Development Block Grant	28,225	Michigan Transportation – Major Roads:	
Downtown Development Authority	433,027	Due to other Governmental Funds:	
Tax Increment Finance Authority	9,960	General Fund	<u>258,698</u>
Due from Proprietary Funds:			<u>258,698</u>
Stilwell Manor Senior Housing	1,959,513	Michigan Transportation – Local Roads:	
Jos. Coach Manor Senior Housing	111,432	Due to other Governmental Funds:	
Water and Sewer System (1)	3,082,078	General Fund	<u>276,357</u>
Due from Fiduciary Funds:			<u>276,357</u>
Fire Insurance Withholding	284	Community Development Block Grant:	
City Employees' Retirement System (1)	120,643	Due to other Governmental Funds:	
Police and Fire Retirement System (1)	123,533	General Fund	<u>28,225</u>
City Employees' VEBA Trust	3,685,757		<u>28,225</u>
Police and Fire VEBA Trust (1)	<u>3,826,744</u>	Building Authority Series 2005 Construction:	
	<u>13,916,251</u>	Due to other Governmental Funds:	
Building Authority 2005 Debt Retirement:		Building Authority 2005 Debt Retirement	<u>14,657</u>
Due from other Governmental Funds:			<u>14,657</u>
Building Authority 2005 Construction	<u>14,657</u>	Downtown Development Authority:	
	<u>14,657</u>	Due to other Governmental Funds:	
Michigan Transportation 2003 Construction:		General Fund	<u>433,027</u>
Due from other Governmental Funds:			<u>433,027</u>
General Fund	237,330	Tax Increment Finance Authority:	
Due from Proprietary Funds:		Due to other Governmental Funds:	
Water and Sewer System (1)	<u>3,406</u>	General Fund	<u>9,960</u>
	<u>240,736</u>		<u>9,960</u>
		Building Authority Series 2002 Construction:	
		Due to Proprietary Funds:	
		Water and Sewer System (1)	<u>877</u>
			<u>877</u>
Total Governmental Funds	<u>14,171,644</u>	Total Governmental Funds	<u>1,259,131</u>
<u>Proprietary Funds:</u>		<u>Proprietary Funds:</u>	
Water and Sewer System (1):		Water and Sewer System (1):	
Due from Governmental Funds:		Due to Governmental Funds:	
General Fund	\$ 8,220	General Fund	\$ 2,068,531
	<u>8,220</u>		<u>2,068,531</u>
		Senior Citizen Housing – Stilwell Manor:	
		Due to Governmental Funds:	
		General Fund	1,959,513
		Due to Proprietary Funds:	
		Water and Sewer System (1)	<u>9</u>
			<u>1,959,522</u>
		Senior Housing – Jos. Coach Manor:	
		Due to Governmental Funds:	
		General Fund	<u>111,432</u>
			<u>111,432</u>
Total Proprietary Funds	<u>8,220</u>	Total Proprietary Funds	<u>4,139,485</u>

(Continued)

CITY OF WARREN, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

C. DETAILED NOTES ON ALL FUNDS

2. RECEIVABLES (continued)

	<u>Amount Receivable</u>		<u>Amount Payable</u>
<u>Fiduciary Funds:</u>		<u>Fiduciary Funds:</u>	
Police and Fire Retirement System (1):		Police and Fire Retirement System (1):	
Due from Governmental Funds:		Due to Governmental Funds:	
General Fund	<u>589,780</u>	General Fund	<u>113,183</u>
	<u>589,780</u>		<u>113,183</u>
		City Employees' Retirement System (1):	
		Due to Governmental Funds:	
		General Fund	116,011
		Due to Proprietary Funds:	
		Water and Sewer System (1):	<u>6,494</u>
			<u>122,505</u>
		Police and Fire VEBA Trust (1):	
		Due to Governmental Funds:	
		General Fund	<u>3,774,923</u>
			<u>3,774,923</u>
		City Employees' VEBA Trust:	
		Due to Governmental Funds:	
		General Fund	<u>3,685,757</u>
			<u>3,685,757</u>
		Fire Insurance Withholding Fund:	
		Due to Governmental Funds:	
		General Fund	<u>284</u>
			<u>284</u>
Total Fiduciary Funds	<u>589,780</u>	Total Fiduciary Funds	<u>7,696,652</u>
Total – due from other funds	14,769,644	Total – due to other funds	13,095,268
(1) Denotes fiscal year ending		(1) Denotes fiscal year ending	
December 31, 2005	<u>6,080,028</u>	December 31, 2005	<u>7,754,404</u>
	<u>\$ 20,849,672</u>		<u>\$ 20,849,672</u>

Transfers from funds receiving revenues to funds through which the resources are to be expended are recorded as operating transfers and are reported as other financial sources (uses).

A summary of interfund transfers by fund type is as follows:

<u>TRANSFERS TO</u>						
<u>TRANSFERS FROM:</u>	<u>Other Governmental Funds</u>					<u>Total</u>
	<u>General Fund</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Proprietary Funds (1)</u>	
General Fund	\$ -	\$ 177,720	\$ 900,955	\$ -	\$ 67,000	\$ 1,145,675
Special Revenue	110,000	1,550,000	3,109,438	2,061,267	70,000	6,900,705
Capital Projects	<u>-</u>	<u>-</u>	<u>4,999,056</u>	<u>158,614</u>	<u>-</u>	<u>5,157,670</u>
	<u>\$ 110,000</u>	<u>\$ 1,727,720</u>	<u>\$ 9,009,449</u>	<u>\$ 2,219,881</u>	<u>\$ 137,000</u>	<u>\$ 13,204,050</u>

(1) Fiscal year ended December 31, 2005.

(Continued)

CITY OF WARREN, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

C. DETAILED NOTES ON ALL FUNDS

3. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2006 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 20,653,719	\$ 3,885,072	\$ 13,941	\$ 24,524,850
Construction in progress	<u>17,115,505</u>	<u>21,738,842</u>	<u>9,040,991</u>	<u>29,813,356</u>
Total capital assets not being depreciated	<u>37,769,224</u>	<u>25,623,914</u>	<u>9,054,932</u>	<u>54,338,206</u>
Capital assets being depreciated:				
Infrastructure	114,019,848	11,388,050	-	125,407,898
Land Improvements	6,662,707	166,785	76,761	6,752,731
Buildings	49,804,071	8,184,421	5,168,719	52,819,773
Machinery and equipment	<u>27,718,200</u>	<u>7,877,126</u>	<u>1,089,999</u>	<u>34,505,327</u>
Total capital assets being depreciated	198,204,826	27,616,382	6,335,479	219,485,729
Less accumulated depreciation for:				
Infrastructure	(91,821,526)	(1,759,454)	(-)	(93,580,980)
Land improvements	(4,252,691)	(252,909)	(65,112)	(4,440,488)
Buildings	(14,701,390)	(1,407,308)	(269,316)	(15,839,382)
Machinery and equipment	<u>(17,004,348)</u>	<u>(2,029,538)</u>	<u>(969,078)</u>	<u>(18,064,808)</u>
Total accumulated depreciation	<u>(127,779,955)</u>	<u>(5,449,209)</u>	<u>(1,303,506)</u>	<u>(131,925,658)</u>
Total capital assets, being depreciated, net	<u>70,424,871</u>	<u>22,167,173</u>	<u>5,031,973</u>	<u>87,560,071</u>
Governmental activities capital assets, net	<u>\$ 108,194,095</u>	<u>\$ 47,791,087</u>	<u>\$ 14,086,905</u>	<u>\$ 141,898,277</u>
<u>Business-type activities:</u>				
Capital assets not being depreciated:				
Land	\$ 826,863	\$ -	\$ -	\$ 826,863
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets not being depreciated	<u>826,863</u>	<u>-</u>	<u>-</u>	<u>826,863</u>
Capital assets being depreciated:				
Buildings	59,140,417	9,990,701	-	69,131,118
Utility system	109,288,149	906,503	29,090	110,165,562
Machinery and equipment	<u>12,235,288</u>	<u>522,060</u>	<u>-</u>	<u>12,757,348</u>
Total capital assets being depreciated	180,663,854	11,419,264	29,090	192,054,028
Less accumulated depreciation for:				
Buildings	(19,231,363)	(1,403,276)	-	(20,634,639)
Utility system	(44,260,514)	(2,226,577)	(29,090)	(46,458,001)
Machinery and equipment	<u>(10,354,275)</u>	<u>(675,844)</u>	<u>-</u>	<u>(11,030,119)</u>
Total accumulated depreciation	<u>(73,846,152)</u>	<u>(4,305,697)</u>	<u>(29,090)</u>	<u>(78,122,759)</u>
Total capital assets, being depreciated, net	<u>106,817,702</u>	<u>7,113,567</u>	<u>-</u>	<u>113,931,269</u>
Business-type activities capital assets, net	<u>\$ 107,644,565</u>	<u>\$ 7,113,567</u>	<u>\$ -</u>	<u>\$ 114,758,132</u>

(Continued)

CITY OF WARREN, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

C. DETAILED NOTES ON ALL FUNDS

3. CAPITAL ASSETS (continued)

Depreciation expense was charged to functions / programs of the primary government as follows:

Governmental activities:	
General government	\$ 174,987
Public safety	1,054,866
City development	68,580
Highways and streets	1,975,353
Recreation and culture	1,904,915
Sanitation	246,136
Economic development	24,152
Community development	<u>220</u>
Total depreciation expense – governmental activities	<u>\$ 5,449,209</u>
Business-type activities:	
Water and sewer system	\$ 4,039,998
Senior citizen housing	<u>265,699</u>
Total depreciation expense – business-type activities	<u>\$ 4,305,697</u>

4. LEASES

Capital Leases

Characteristics of capital leases generally transfer the benefits and risks of ownership to the lessee. As such, equipment under capital lease agreements is capitalized at the present value of future minimum lease payments as of the inception date. No capital lease agreements were outstanding during the fiscal year ending June 30, 2006.

Operating Leases

Operating leases do not give rise to property rights and accordingly the equipment is not capitalized. No operating lease agreements were outstanding during the fiscal year ending June 30, 2006.

5. LONG-TERM DEBT

An **Installment Purchase Agreement** was executed to finance various capital asset acquisitions. The loan is secured by the assets acquired under the agreement, and in addition the City has pledged its full faith and credit. The governmental activities installment purchase agreement has aggregate principal maturities of \$78,209 a year, and is due serially through fiscal year 2007 with an annual interest rate of 5.95%.

	<u>Final Maturity Date</u>	<u>Beginning Balance</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Governmental activities:</u>					
Honeywell Energy System (City Hall)	12/20/06	<u>\$ 1,197,260</u>	<u>\$ 1,119,051</u>	<u>\$ 78,209</u>	<u>\$ 78,209</u>
		<u>\$ 1,197,260</u>	<u>\$ 1,119,051</u>	<u>\$ 78,209</u>	<u>\$ 78,209</u>

A **Land Contract** was executed between the City and the City of Warren Water and Sewer System for the acquisition of a garage facility to be utilized by the Department of Public Works. The property was acquired at a cost of \$1,206,976. The land contract has principal maturities ranging from \$53,649 to \$102,656 a year, and is due through fiscal year 2013 at an annual interest rate of 6.00%.

	<u>Final Maturity Date</u>	<u>Beginning Balance</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Governmental activities:</u>					
DPW Garage	07/01/12	<u>\$ 1,206,976</u>	<u>\$ 619,306</u>	<u>\$ 587,670</u>	<u>\$ 76,385</u>
		<u>\$ 1,206,976</u>	<u>\$ 619,306</u>	<u>\$ 587,670</u>	<u>\$ 76,385</u>

(Continued)

CITY OF WARREN, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

C. DETAILED NOTES ON ALL FUNDS

5. LONG-TERM DEBT (continued)

Michigan Transportation Bonds are comprised of various bond issues that pledge state-collected gas and weight tax receipts returned to the City. The full faith and credit of the City is pledged as additional security. These bond issues have aggregate principal maturities ranging from \$500,000 to \$1,420,000 a year, and are due serially through fiscal year 2018 with annual interest rates ranging from 2.30% to 5.100%.

	<u>Final Maturity Date</u>	<u>Beginning Balance</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Governmental activities:</u>					
Series 1997	06/01/12	\$ 4,500,000	\$ 2,280,000	\$ 2,220,000	\$ 320,000
Series 2000	06/01/16	5,165,000	500,000	4,665,000	400,000
Series 2003 refunding	06/01/08	4,310,000	3,165,000	1,145,000	580,000
Series 2003	06/01/18	5,500,000	300,000	5,200,000	100,000
		<u>\$ 19,475,000</u>	<u>\$ 6,245,000</u>	<u>\$ 13,230,000</u>	<u>\$ 1,400,000</u>

Water and Sewer Bonds are comprised of bonds issued to fund major infrastructure replacement projects and are payable solely from the net revenues of the Water and Sewer System. The bond issues have principal maturities ranging from \$1,736,830 to \$3,710,000 a year and are due serially through fiscal year 2026 with annual interest rates ranging from 1.625% to 5.125%.

	<u>Final Maturity Date</u>	<u>Beginning Balance</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Business-type activities (1):</u>					
Revenue Bonds:					
Refunding Series 1999	05/01/16	\$ 12,000,000	\$ 1,435,000	\$ 10,565,000	\$ 815,000
Series 1999	11/01/11	11,400,000	11,100,000	300,000	50,000
Series 2000	11/01/11	13,750,000	10,450,000	3,300,000	475,000
Refunding Series 2005	11/01/26	21,675,000	380,000	21,295,000	110,000
Capital Improvement Bonds:					
Series 2003	06/01/23	1,280,543	89,952	1,190,591	46,830
SRF, Series 5134-01	10/01/24	4,750,000	185,000	4,565,000	190,000
SRF, Series 5134-02	04/01/25	6,045,410	-	6,045,410	-
SRF, Series 5134-03	10/01/24	1,147,091	50,000	1,097,091	50,000
SRF, Series 5134-04	04/01/18	4,312,264	-	4,312,264	-
		<u>\$ 76,360,308</u>	<u>\$ 23,689,952</u>	<u>\$ 52,670,356</u>	<u>\$ 1,736,830</u>

(1) For fiscal year ended December 31, 2005

(Continued)

CITY OF WARREN, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

C. DETAILED NOTES ON ALL FUNDS

5. LONG-TERM DEBT (continued)

County Drain Bonds are comprised of various bond issues for which the City is required by State Statute to levy sufficient taxes to pay assessment installments and interest as they become due. These installments have aggregate maturities of \$220,000 a year, and are due serially through fiscal year 2007, with an annual interest rate of 4.45%.

	<u>Final Maturity Date</u>	<u>Beginning Balance</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Governmental activities:</u>					
Warren Sanitary Drain Refunding Issue	01/01/07	<u>\$ 4,750,000</u>	<u>\$ 4,530,000</u>	<u>\$ 220,000</u>	<u>\$ 220,000</u>
		<u>\$ 4,750,000</u>	<u>\$ 4,530,000</u>	<u>\$ 220,000</u>	<u>\$ 220,000</u>

Tax Increment Finance Authority Bonds are comprised of bonds issued to finance part of the cost of constructing various improvements in the Development Area No. 1 of the City of Warren Tax Increment Finance Authority, pursuant to the Tax Increment Financing and Development Plan adopted by the Board of the Authority on December 18, 1990 and approved by the City Council on February 12, 1990. The bond principal and interest are payable from Tax Increment revenues payable to the Authority from collections of ad valorem taxes commencing July 1, 1991. As additional security the City has pledged its full faith and credit for the prompt payment of principal and interest on the bonds when due. The Tax Increment Finance Authority bonds have principal maturities ranging from \$160,000 to \$250,000 a year, and are due serially through fiscal year 2011, with annual interest rates ranging from 4.15% to 5.00%.

	<u>Final Maturity Date</u>	<u>Beginning Balance</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Governmental activities:</u>					
Series 1991	10/01/10	<u>\$ 2,200,000</u>	<u>\$ 1,720,000</u>	<u>\$ 480,000</u>	<u>\$ -</u>
Refunding Series 1999	10/01/08	<u>1,390,000</u>	<u>880,000</u>	<u>510,000</u>	<u>170,000</u>
		<u>\$ 3,590,000</u>	<u>\$ 2,600,000</u>	<u>\$ 990,000</u>	<u>\$ 170,000</u>

Building Authority Bonds are comprised of bonds issued to finance various construction projects and equipment acquisitions. For the Warren Community Center Bonds, Series 2001, Multiple Purpose Bonds, Series 2002, Multiple Purpose Bonds, Series 2005 and the Warren Community Center Refunding Bonds, Series 2005, the City and Water and Sewer System have entered into lease agreements with the Building Authority and agrees to pay as cash rentals amounts that will be sufficient to enable the Building Authority to pay principal and interest on the bonds as they become due. The City has pledged its full faith and credit for the payment of these rentals. For the Senior Housing Refunding Bonds - Refunding Series 2004, principal and interest payments are to be paid from cash flows generated by monthly rental unit receipts. In addition, the City has pledged its full faith and credit for the payment of these principal and interest payments as they become due. The Warren Community Center Bonds, Series 2001, Multiple Purpose Bonds, Series 2002, Multiple Purpose Bonds, Series 2005 and Warren Community Center Refunding Bonds, Series 2005 have aggregate principal maturities ranging from \$560,000 to \$1,412,130 a year, and are due serially through fiscal year ended June 30, 2027 with annual interest rates ranging from 3.00% to 5.25%. The Senior Housing Refunding Bonds, Series 2004 has principal maturities ranging from \$545,000 to \$1,075,000 a year, and are due serially through the fiscal year ended June 30, 2017 with annual interest rates ranging from 2.50% to 5.25%.

(Continued)

CITY OF WARREN, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

C. DETAILED NOTES ON ALL FUNDS

5. LONG-TERM DEBT (continued)

	<u>Final Maturity Date</u>	<u>Beginning Balance</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Governmental activities:</u>					
Series 2001, Community Center	11/01/10	\$ 13,000,000	\$ 11,150,000	\$ 1,850,000	\$ 350,000
Series 2002, Multi-purpose	11/01/09	2,858,720	1,143,488	1,715,232	411,656
Series 2005, Multi-purpose	06/01/15	5,180,000	400,000	4,780,000	450,000
Series 2005, WCC refunding	11/01/26	10,835,000	160,000	10,675,000	60,000
<u>Business-type activities:</u>					
Senior Housing - Refunding Series 2004	11/01/16	8,930,000	670,000	8,260,000	545,000
Water and Sewer System (1)- Series 2002, Multi-purpose	11/01/09	<u>266,280</u>	<u>106,512</u>	<u>159,768</u>	<u>38,344</u>
		<u>\$ 41,070,000</u>	<u>\$ 13,630,000</u>	<u>\$ 27,440,000</u>	<u>\$ 1,855,000</u>

(1) For fiscal year ended December 31, 2005.

Special Assessment Bonds are comprised of bonds issued to finance various sidewalk and drive approach improvements in designated special assessment districts throughout the City. The payment of principal and interest on the bonds shall be payable primarily from the collection of special assessments levied against those properties improved within each district. Assessments can be paid in full or in installments due July 1 of each year, together with interest on the unpaid balance of the assessment at an annual rate that is 1% per annum in excess of the average rate of the interest payable on the bonds. In addition, the full faith and credit of the City are pledged to the payment of the principal and interest on the bonds when due. The bonds have aggregate maturities ranging from \$175,000 to \$861,779 a year, and are due serially through fiscal year 2015 with annual interest rates ranging from 2.00% to 4.00%.

	<u>Final Maturity Date</u>	<u>Beginning Balance</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Governmental activities:</u>					
Special Assessment Bonds -					
Series 2002	12/01/07	\$ 1,145,000	\$ 720,000	\$ 425,000	\$ 240,000
Series 2003	06/01/08	2,304,457	1,338,218	966,239	471,779
Series 2005	06/01/15	<u>1,835,000</u>	<u>150,000</u>	<u>1,685,000</u>	<u>150,000</u>
		<u>\$ 5,284,457</u>	<u>\$ 2,208,218</u>	<u>\$ 3,076,239</u>	<u>\$ 861,779</u>

Downtown Development Authority Bonds are comprised of bonds issued pursuant to Act 197, Public Acts of Michigan, 1975, as amended, in anticipation of the collection of certain tax increment revenue payments for the purpose of paying costs of development and redevelopment of all or a portion of the downtown district as specified in the Authority's development and tax increment financing plan. In addition, the City has pledged its full faith and credit as additional security for payment of the principal and interest when due. In order to achieve the desired development and redevelopment objectives as described in the plan, the City has authorized the issuance of Downtown Development Bonds in four series not to exceed \$75,000,000 in total. The bonds have aggregate maturities ranging from \$500,000 to \$5,750,000 a year, and are due serially through fiscal year 2029 with annual interest rates ranging from 3.00% to 5.00%.

	<u>Final Maturity Date</u>	<u>Beginning Balance</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Governmental activities:</u>					
Downtown Development Bonds -					
Series 2002	10/01/25	\$ 20,000,000	\$ -	\$ 20,000,000	\$ 500,000
Series 2003	10/01/26	20,000,000	-	20,000,000	-
Series 2004	10/01/27	20,000,000	-	20,000,000	-
Series 2005	10/01/28	<u>15,000,000</u>	<u>-</u>	<u>15,000,000</u>	<u>-</u>
		<u>\$ 75,000,000</u>	<u>\$ -</u>	<u>\$ 75,000,000</u>	<u>\$ 500,000</u>

(Continued)

CITY OF WARREN, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

C. DETAILED NOTES ON ALL FUNDS

5. LONG-TERM DEBT (continued)

Annual debt service requirements to maturity for the above long-term debt obligations are as follows:

Year Ended June 30	Governmental activities		Business-type activities (Senior Citizen Housing)	
	Principal	Interest	Principal	Interest
2007	\$ 4,578,029	\$ 4,731,631	\$ 545,000	\$ 319,975
2008	4,817,153	4,566,751	540,000	305,738
2009	4,550,498	4,390,902	620,000	288,237
2010	4,988,603	4,211,819	625,000	267,616
2011	4,686,763	4,022,585	620,000	246,219
2012 - 2016	21,826,304	17,407,228	4,235,000	803,134
2017 - 2021	25,730,000	12,348,904	1,075,000	28,219
2022 - 2026	32,190,000	5,716,945	-	-
2027 - 2029	<u>8,835,000</u>	<u>440,297</u>	<u>-</u>	<u>-</u>
	<u>\$ 112,202,350</u>	<u>\$ 57,837,062</u>	<u>\$ 8,260,000</u>	<u>\$ 2,259,138</u>

Year Ended December 31	Business-type activities (Water and Sewer System)	
	Principal	Interest
2006	\$ 1,775,174	\$ 1,880,764
2007	2,461,566	1,823,545
2008	2,556,014	1,736,554
2009	2,672,605	1,645,607
2010	2,725,000	1,547,481
2011 - 2015	14,970,000	6,178,865
2016 - 2020	15,427,264	3,510,040
2021 - 2025	9,687,501	1,072,527
2026	<u>555,000</u>	<u>26,362</u>
	<u>\$ 52,830,124</u>	<u>\$ 19,421,745</u>
	<u>\$ 112,202,350</u>	<u>\$ 57,837,062</u>
	<u>\$ 61,090,124</u>	<u>\$ 21,680,883</u>

(Continued)

CITY OF WARREN, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

C. DETAILED NOTES ON ALL FUNDS

6. COMPENSATED ABSENCES AND COMPENSATORY TIME

All full-time employees of the City earn one sick leave day for each month of service rendered. Employees are allowed to accumulate from 27 days to 225 days depending upon their hire date, union affiliation and pension plan participation. Upon retirement, most employees are paid eighty percent of their accumulated sick bank. Firefighters who work 56 hours per week and were hired prior to January 1, 1984, are paid sixty percent of their accumulated sick bank. If an employee dies while in the service of the City, the beneficiary is paid one hundred percent of the accumulated sick bank. An employee is paid twenty-five percent of the accumulated sick bank upon severance from the City in good standing after five years of service.

Compensated absences is accrued at the employee's current rate of pay and applicable retirement payout percentage, inclusive of related payroll taxes and fringes, on sick bank balances accumulated as of December 31, 2005.

Maximum Sick-Leave Banks

<u>Bargaining Unit</u>	<u>Pay-Out Base</u>	<u>Hire Date</u>
AFSCME Local 1250	225 days	Prior to March 7, 1984
	140 days	From March 7, 1984 to February 9, 1988
	65 days	After February 9, 1988
	27 days	After November 23, 1999
AFSCME Local 1250: 37th District Court	225 days	Prior to May 10, 1988
	65 days	After May 10, 1988
	27 days	After November 23, 1999
AFSCME Local 1917	225 days	Prior to March 7, 1984
	140 days	From March 7, 1984 to February 9, 1988
	65 days	After February 9, 1988
	27 days	After January 11, 2000
UAW Local 412 - Unit 35	225 days	Prior to March 7, 1984
	140 days	From March 7, 1984 to September 1, 1988
	65 days	After September 1, 1988
	27 days	After April 13, 1999
UAW Local 412 - Unit 59	225 days	Prior to March 7, 1984
	140 days	From March 7, 1984 to February 9, 1988
	65 days	After February 9, 1988
	27 days	After November 10, 1998
Fire Fighters Local 1383:		
	56 hour employees	120 days
	56 hour employees	65 days
	40 hour employees	225 days
40 hour employees	140 days	Prior to December 15, 1986
		After December 15, 1986
Police Officers	225 days	Prior to January 1, 1984
	140 days	After January 1, 1984

Employees are allowed to receive pay for overtime worked or accumulate hours in their compensatory time bank. Generally, no more than 150 hours may be accumulated in an employee's compensatory time bank. Employees are allowed the option of receiving cash payment or time off for those hours accumulated.

Compensatory time is accrued at the employee's current rate of pay, inclusive of related payroll taxes and benefits, on accumulated compensatory time balances as of December 31, 2005.

(Continued)

CITY OF WARREN, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

C. DETAILED NOTES ON ALL FUNDS

6. COMPENSATED ABSENCES AND COMPENSATORY TIME (continued)

Changes in accrued compensated absences and compensatory time by activity and function is as follows:

	Compensated Absences			Compensatory Time		
	Beginning Balance	Additions (Reductions)	Ending Balance	Beginning Balance	Additions (Reductions)	Ending Balance
<u>Governmental activities:</u>						
General government	\$ 1,553,608	\$ (3,620)	\$ 1,549,988	\$ 254,333	\$ 10,096	\$ 264,429
Public safety	12,547,009	228,811	12,775,820	1,364,556	142,165	1,506,721
City development	562,849	(85,272)	477,577	129,688	(19,569)	110,119
Highways and streets	411,393	46,686	458,079	64,347	13,011	77,358
Recreation and culture	479,501	(23,642)	455,859	85,615	3,470	89,085
Sanitation	160,735	(6,624)	154,111	77,311	(5,005)	72,306
Economic development	5,271	3,665	8,936	7,137	254	7,391
Community development	21,640	(3,069)	18,571	2,764	(190)	2,574
	<u>15,742,006</u>	<u>156,935</u>	<u>15,898,941</u>	<u>1,985,751</u>	<u>144,232</u>	<u>2,129,983</u>
<u>Business-type activities:</u>						
Water and Sewer System	1,658,935	(36,983)	1,621,952	157,828	10,214	168,042
Senior Citizen Housing	21,500	1,377	22,877	10,043	50	10,093
	<u>1,680,435</u>	<u>(35,606)</u>	<u>1,644,829</u>	<u>167,871</u>	<u>10,264</u>	<u>178,135</u>
	<u>\$ 17,422,441</u>	<u>\$ 121,329</u>	<u>\$ 17,543,770</u>	<u>\$ 2,153,622</u>	<u>\$ 154,496</u>	<u>\$ 2,308,118</u>

7. CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2006 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental activities:</u>					
Michigan Transportation Bonds	\$ 14,760,000	\$ -	\$ 1,530,000	\$ 13,230,000	\$ 1,400,000
County Drain Bonds	880,000	-	660,000	220,000	220,000
Building Authority Bonds	19,384,018	10,835,000	11,198,786	19,020,232	1,271,656
T.I.F.A. Bonds	1,150,000	-	160,000	990,000	170,000
Special Assessment Bonds	3,924,409	-	848,170	3,076,239	861,779
D.D.A. Bonds	60,000,000	15,000,000	-	75,000,000	500,000
Installment Purchase Agreements	227,834	-	149,625	78,209	78,209
Land Contract Payable	659,671	-	72,001	587,670	76,385
Accrued insurance claims	7,110,080	3,725,991	5,336,933	5,499,138	-
Compensated absences	15,742,006	156,935	-	15,898,941	-
Compensatory time	1,985,751	144,232	-	2,129,983	-
Governmental activity long-term liabilities	<u>\$ 125,823,769</u>	<u>\$ 29,862,158</u>	<u>\$ 19,955,515</u>	<u>\$ 135,730,412</u>	<u>\$ 4,578,029</u>
<u>Business-type activities:</u>					
Water and Sewer Bonds	\$ 44,789,812	29,670,984	21,790,440	52,670,356	1,736,830
Building Authority Bonds	9,020,982	-	601,214	8,419,768	583,344
Compensated absences	1,680,435	-	35,606	1,644,829	-
Compensatory time	167,871	10,264	-	178,135	-
Business-type activity long-term liabilities	<u>\$ 55,659,100</u>	<u>\$ 29,681,248</u>	<u>\$ 22,427,260</u>	<u>\$ 62,913,088</u>	<u>\$ 2,320,174</u>

(Continued)

CITY OF WARREN, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

C. DETAILED NOTES ON ALL FUNDS

8. DEBT EXTINGUISHMENTS

On October 17, 2002, the Warren City Council approved the City's participation in a settlement agreement between South Macomb Disposal Authority, of which the City is a member thereof, and the Authority's insurance carriers regarding remediation and response costs associated with the Authority's disposal facilities known as Sites 9 and 9A. As a result of this settlement, the Authority placed sufficient funds in escrow to defease \$20,000,000 of South Macomb Disposal Authority Revenue Bonds, Series 2000. This defeasance effectively eliminated \$7,644,000 of the City's debt to the Authority relative to this bond issue.

	<u>Principal Defeased on October 17, 2002</u>	<u>Outstanding Principal at June 30, 2006</u>
South Macomb Disposal Authority - Solid Waste Bonds, Series 2000	\$ 7,644,000	\$ 7,644,000

On August 1, 2005, the City of Warren Building Authority sold \$10.835 million of refunding bonds to defease \$9.925 million of City of Warren Building Authority Bonds, Series 2001. The Series 2001 bonds were originally issued for the purpose of constructing the Warren Community Center. Sufficient funds have been placed in escrow to satisfy the debt service requirements of the defeased bonds through their call date of November 1, 2010. The City realized an approximate net present value saving of \$236,863 on the advance refunding.

	<u>Principal Defeased on August 1, 2005</u>	<u>Outstanding Principal at June 30, 2006</u>
City of Warren Building Authority Bonds, Series 2001	\$ 9,925,000	\$ 9,925,000

On September 1, 2005, the City of Warren Water and Sewer System sold \$21.675 million of refunding bonds to defease \$11.1 million and \$8.8 million of Water and Sewer Revenue Bonds, Series 1999 and Series 2000 respectively. Sufficient funds have been placed in escrow to satisfy the debt service requirements of the defeased bonds through their call date of January 1, 2011. The Water and Sewer System realized an approximate net present value saving of \$518,901 on the advanced refunding.

	<u>Principal Defeased on September 1, 2005</u>	<u>Outstanding Principal at December 31, 2005</u>
Water and Sewer System Revenue Bonds:		
Series 1999\$ 11,100,000	\$ 11,100,000	
Series 20008,800,000	8,800,000	

9. DEFERRED REVENUE

Deferred revenues reported in the Community Development Block Grant Fund, HOME Investment Partnership Fund and the Special Assessment Construction Funds represents receivables that are measurable but not yet available under the modified accrual basis of accounting. Accordingly, they are not recorded as revenue. The balance sheet records the receivable but includes deferred revenue as its offset. Deferred revenues as reported in all other funds represent receipt of funds prior to rendering any service. A summary of deferred revenues is as follows:

<u>Governmental Activities:</u>	<u>Revenue</u>	<u>Amount</u>
General Fund	Law enforcement grants	\$ 344,581
Special Revenue Funds:		
Community Development Block Grant	Grant / Loans	6,638,357
HOME Investment Partnership	Grant	1,478,629
H.O.P.W.A.	Grant	187,000
Capital Projects Funds:		
Special Assessment Construction Funds	Special assessments	2,471,789
		<u>\$ 11,120,356</u>
<u>Business-type Activities:</u>		
Senior Citizen Housing	Prepaid rents	\$ 2,790
		<u>\$ 2,790</u>

(Continued)

CITY OF WARREN, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

C. DETAILED NOTES ON ALL FUNDS

10. LEGAL DEBT MARGIN

Section 8.11 of the City of Warren Charter limits the net bonded indebtedness incurred for all public purposes to ten percent of the assessed value of all the real and personal property in the City. In computing such net bonded indebtedness, money borrowed under the provisions of special assessment bonds, revenue bonds, mortgage bonds, Michigan transportation bonds, calamity bonds, and tax anticipation notes are excluded. In addition, resources of the debt service fund pledged for the retirement of any outstanding bonds is deducted from the amount of bonded indebtedness. At June 30, 2006, the legal debt limit exceeded net bonded indebtedness by \$573,065,794.

D. OTHER INFORMATION

1. POST-EMPLOYMENT HEALTH BENEFITS

The City's post-employment health and dental benefits are administered under a combination of premium based, self-insurance, and/or Medicare coverage plans. In general, if a retiree or members of his immediate family are entitled to retirement benefits under the City Employees Retirement System or the Police and Fire Retirement System then they are entitled to the post-retirement health and dental insurance benefits. Currently, the City provides 100 percent of the cost of health insurance and either 50 percent or 100 percent of dental coverage dependent upon the coverage selected. Some collective bargaining agreements include language that employees will pay either 50 percent or 25 percent of their health insurance upon retirement dependant on age and years of service. There are currently no retirees under the provisions of these contracts. The most recent collective bargaining agreements include provisions for an Individual Retirement Health Plan. During employment, the City will contribute 1% of the employee's wages and the employee will contribute 1% to 5% of wages into the plan. At retirement, the employee will not be provided retiree health insurance under any of the City's existing plans. Likewise, there are currently no retirees under the provisions of these contracts.

City Employees' Retirement Health, Life and Disability Benefits Plan and Trust:

Plan Description. Established by City Ordinance and collective bargaining agreements, the City of Warren General Employees' Retirement System is the administrator of a single-employer public employee' Voluntary Employee Benefit Association (VEBA) Trust.

The Trust is created for the exclusive purpose of providing funding for health, life and disability benefits for those retirees and beneficiaries eligible to receive such retirement benefits under the City of Warren General Employees Retirement System and Defined Contribution Plan.

At December 31, 2001, the most recent valuation date, the plan consisted of 538 retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them, and 504 active employees.

Summary of Significant Accounting Policies. The financial statements of the Trust are prepared using the accrual basis of accounting. Employer contributions are recognized as revenues in the period in which employee services are performed. Retiree health, life and disability benefits are recognized in the period incurred.

Investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price.

The assets of the Trust include no loans to any participants or officers of the Trust, City officials or any other related party.

Funding Policy. Contributions to the plan represent 23.02% of payroll for active members of the City Employees' Defined Benefit Plan and Defined Contribution Plan, in accordance with the actuarial valuation of December 31, 2001 using the individual entry age actuarial cost method. Actuarial assumptions used in calculating the contribution rate include 1.) investment return of 7.5% per year, 2.) inflation rate of 5.0% and 3.) salary increases of 5.0%. For the fiscal year ended June 30, 2006 contributions to the plan totaled \$6,570,757 and post-employment health benefits totaled \$6,468,530.

CITY OF WARREN, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

D. OTHER INFORMATION

1. POST-EMPLOYMENT HEALTH BENEFITS (continued):

Police and Fire Retirement Benefits Plan and Trust:

Plan Description. The Police and Fire Retirement Benefits Plan and Trust, an irrevocable trust, is the administrator of a single-employer public employees' health and benefits plan that covers substantially all of the police and fire retirees of the City. The board of trustees is made up of five individuals. Two trustees are appointed by the mayor. The police employees and the fire employees each have their own elected trustees. The city treasurer is also required by city ordinance to be a member of the board.

Summary of Significant Accounting Policies. The Plan and Trust's financial statements are prepared using the accrual basis of accounting. Employer contributions are recognized as revenue in the period in which they are earned. Insurance and other costs are recognized when due and payable in accordance with the terms of the Plan and Trust.

Investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price.

Funding Policy. Contributions to the plan represent 13.44% of payroll for active members of the Police and Fire Retirement System, in accordance with the actuarial valuation of December 31, 1997 using the individual entry age actuarial cost method. Actuarial assumptions used in calculating the contribution rate include 1.) investment return of 7.5% per year, 2.) inflation rate of 4.5% and 3.) projected salary increases of 5.0%–8.0%. For the twelve months ended December 31, 2005, contributions to the plan totaled \$4,237,700 and post-employment health benefits totaled \$6,819,017.

2. PENSION PLANS

The City has two separate defined benefit single employer pension plans and a defined contribution pension plan covering substantially all full-time employees.

Employees' Retirement System Defined Benefit Plan:

Plan Description. Established under General City Ordinance on January 1, 1958, the City of Warren Employees' Retirement System is the administrator of a single-employer public employees' retirement system that covers all full time employees, except police and fire personnel.

The System provides retirement, disability and death benefits to plan members and their beneficiaries. The obligation to contribute to and maintain the System for these employees was established by City ordinance and negotiation with the various collective bargaining units. At December 31, 2005, membership consisted of 536 retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them, and 248 current active employees.

The plan issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the City of Warren Employees' Retirement System, 29500 Van Dyke, Warren, Michigan 48093.

Summary of Significant Accounting Policies. The financial statements of the Employees' Retirement System are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed. Pension benefits and refund of contributions are recognized in the period such payments are made.

Investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price.

The assets of the Employees' Retirement System include no loans to any participants or officers of the System, City officials or any other related party.

Funding Policy. The City's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The normal cost and actuarial accrued liability are determined using an Aggregate actuarial funding method. Employer contributions represented 34.31% of covered payroll for the period of January 1, 2005 through June 30, 2005 in accordance with the actuarial valuation dated December 31, 2002 and 37.68% of covered payroll for the period of July 1, 2005 through December 31, 2005 in accordance with the actuarial valuation dated December 31, 2003. Employees are not required to contribute to the System. Amounts shown as employee contributions represent purchase of prior service credit. Administrative costs are financed through investment earnings.

(Continued)

CITY OF WARREN, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

D. OTHER INFORMATION

2. PENSION PLANS (continued)

Reserves. A description of each legally required reserve and its fully funded balance at December 31, 2005 is as follows:

<u>Reserve for Employees' Contribution:</u>	\$ 524,444
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Composed of accumulated contributions by active employees plus interest thereon.

<u>Reserve for Employer's Contribution:</u>	\$ 2,774,410
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Composed of accumulated City contributions, net of amounts transferred for the payment of pensions to the Reserve for Retirees' Benefit Payments plus interest thereon.

<u>Reserve for Retirees' Benefit Payments:</u>	\$ 120,674,679
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Actuarially determined to provide sufficient resources for annuity payments. Upon retirement of an employee, expected future benefit payments are computed and transfers are then made into this reserve from the Reserve for Employees' Contribution and Employer's Contribution. This account is credited annually with interest from the Reserve for Undistributed Income.

<u>Reserve for Undistributed Income:</u>	\$ 3,429,222
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Composed of net investment income less expenditure for other services and charges, and interest transferred to the Reserves for Employees' Contribution, Employer's Contribution and Retirees' Benefit Payments.

Historical trend information showing the plan's progress in accumulating sufficient assets to pay benefits when due is presented as required supplementary information. The City has made all actuarially required contributions, and there is no net pension obligation.

Police and Fire Retirement System Defined Benefit Plan:

Plan Description. The Police and Fire Retirement System is the administrator of a single-employer public employees' retirement system that covers substantially all police and fire employees of the City.

The System provides retirement, disability and death benefits to plan members and their beneficiaries. The obligation to contribute to and maintain the System for these employees was established by City ordinance and negotiation with the police and fire collective bargaining units. At December 31, 2004, the date of the most recent actuarial evaluation, membership consisted of 391 retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them, and 374 current active employees.

The plan issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the City of Warren Police and Fire Retirement System, 23295 Schoenherr, Warren, Michigan 48089.

Summary of Significant Accounting Policies. The System's financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenue in the period in which employee services are performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price.

CITY OF WARREN, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

D. OTHER INFORMATION

2. PENSION PLANS (continued)

Funding Policy. The funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are intended to accumulate sufficient assets to pay pension benefits when due.

Police and Fire employment contracts provide for direct employee pension contributions of 1.0 percent of payroll for all police and fire employees hired prior to July 1, 2000 and 5.0 percent of payroll for all police employees hired after July 1, 2000. In addition, the agreements provide that current City contributions of 4.0 percent of payroll be made on behalf of all police and fire employees hired prior to July 1, 2000. Under the terms of the contracts, these employer contributions made on behalf of the employees are effectively treated as direct employee contributions and are, therefore, recorded in the reserved net asset balance for the employee contributions.

Administrative costs of the plan are financed through investment earnings.

Reserves. As of December 31, 2005, the System's legally required reserves have been fully funded as follows:

Reserve for employees' contributions	\$ 20,044,489
Reserve for retired benefit payments	152,163,651

Defined Contribution Plan and Trust

Plan Description. The Defined Contribution Plan and Trust was approved by the Warren City Council at their meeting of April 8, 1997. The plan is administered by the International City Management Association Retirement Corporation (ICMA). Participation in the plan is extended to all full time employees, other than police and fire personnel. Employees were allowed to transfer the actuarially determined value of prior service credit from the City Employees' Retirement System to the Defined Contribution Plan upon adoption of the plan and settlement of respective collective bargaining agreements. Employees hired after ratification of the respective collective bargaining agreements are automatically enrolled in the Defined Contribution Plan. There were 199 active participants in the plan as of June 30, 2006.

Funding Policy. For employees transferring from the Defined Benefit Pension Plan to the Defined Contribution Plan, the City contributes 15.0% of payroll and the employee contributes 3.0%. For employees hired after ratification of their respective union contracts, the City contributes 10.0% of payroll and the employee contributes 4.0%.

Qualified Excess Benefit Arrangement (QEBA) Trust

Plan Description. The City Employees' Retirement System provides retirement benefits to its participants. Because of statutory limitations on benefits set forth in Section 415(b) of the Internal Revenue Code, certain participants do not receive their full benefits under the Employees' Retirement System. Congress has recognized that governmental employers who sponsor tax-qualified retirement plans have contractual obligations to provide full retirement benefits to their employees, regardless of the limitations of Section 415(b). Thus, pursuant to Section 415(m), a governmental plan may include a qualified excess benefit arrangement that allows the payment of the full benefit to plan participants, without jeopardizing the tax-qualified status of the governmental plan. The benefits provided by the QEBA shall equal the "excess benefit" of the participants. The "excess benefit" of a participant shall equal the difference between (i) the annual benefit that would be payable to the participant pursuant to the terms of the City Employees' Retirement System without application of Section 415(b) limitations, and (ii) the annual benefit actually paid to the participant by the City Employees' Retirement System in accordance with the limitations of Section 415(b).

Summary of Significant Accounting Policies. The System's financial statements are prepared using the accrual basis of accounting. Employer contributions and benefit payments are recognized as revenue or expense in the period when due.

Investments are reported at fair value.

Funding Policy. No benefits payable under the QEBA shall be paid from the Employees' Retirement System. Rather the amounts due under the QEBA shall be paid directly by the City in an amount sufficient to pay the "excess benefits" when due.

(Continued)

CITY OF WARREN, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

D. OTHER INFORMATION

3. DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full time employees, permits them to defer a portion of their current salary until future years. The deferred compensation is not available to the employees until termination, retirement, death or unforeseeable emergency.

In accordance with the provision of IRC Section 457, subsection (g), plan assets are held for the exclusive benefit of employees in a trust or qualifying insurance contract in an amount equal to the fair market value of the deferred account maintained with respect to each participant.

The City's primary responsibility is to process employee payroll withholdings and remits the withheld funds to the plan administrators. The City does not perform any investing function. Accordingly, due to the absence of fiduciary responsibility with respect to these funds, deferred compensation plan assets are not reported in the accompanying financial statements.

4. PROPERTY TAXES

Property taxes are levied each July 1 on the taxable value of property located in the City as of the preceding December 31. The taxable value and state equalized value of real and personal property, including Industrial Facilities Valuations, as assessed on January 1 and thereafter revised by the Board of Review, State Tax Commission or Michigan Tax Tribunal is as follows:

	<u>Taxable Value</u>		<u>State Equalized Value</u>	
Real Property	\$3,640,881,539	76.09%	\$4,582,764,480	79.96%
Personal Property	736,657,481	15.40	739,780,437	12.91
Industrial Facilities	407,341,840	8.51	408,622,990	7.13
	<u>\$4,784,880,860</u>	<u>100.00%</u>	<u>\$5,731,167,907</u>	<u>100.00%</u>

On November 7, 1978, Article 9, Section 6, of the 1963 Michigan Constitution was amended placing certain limitations on increases of taxes. The amendment did not, and will not, limit the levy of taxes for the payment of principal and interest on bonds or other evidences of indebtedness outstanding at the time the amendment became effective; nor will the amendment limit taxes imposed for the payment of bonds or other indebtedness issued, or incurred, after their effective date if said bonds, or other indebtedness have been approved by the voter.

On March 15, 1994, Michigan voters passed Proposal A which places a limit on the value used to compute property taxes. Effective with the July 1, 1995 levy, property taxes are calculated using a Taxable Value. The Taxable Value is the lower of the 2005 State Equalized Value or the 2005 Capped Value. The State Equalized Value is the Assessed Value (representing fifty percent of the true cash value) multiplied by the Equalization Factor (currently equal to 1.000). The Capped Value is calculated by using the 2004 Taxable Value minus losses times the lower of 1.05 or the 2004 Consumer Price Index for the twelve months ended September 30 plus any additions.

(Continued)

CITY OF WARREN, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

D. OTHER INFORMATION

4. PROPERTY TAXES (continued)

The tax levy for July 1, 2005 was based on the following rates: (per \$1,000 of Taxable Valuation)

	Millage Rate Levied	Maximum Authorized Millage Rate	
		By City Charter	By State Law
General Operating	8.7724	9.000	8.7724
Library	.4873	.500	.4873
Emergency Medical Service	.2923	.300 (extra voted; indefinite)	.2923
Recreation	.9746	1.000 (extra voted; indefinite)	.9746
Police and Fire Pension Requirements	2.5748	-	Not to exceed author- ized contribution - Act 345, P.A. of Michigan 1937 as amended.
Refuse Collection and Disposal	1.8918	-	3.000 Act 298, P.A. of Michigan 1917, as amended, subject to Headlee limitation of 2.9240
Police Protection	.9746	.9798 (extra voted; thru levy of July 1, 2018)	.9746
Fire and Emergency Medical Service	.9746	.9798 (extra voted; thru levy of July 1, 2018)	.9746

(Continued)

CITY OF WARREN, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

D. OTHER INFORMATION

5. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City utilizes a combination of self-insurance and commercial insurance. All coverage is premium based with the following exceptions.

The City's is self-insured for non-HMO medical benefits afforded to employees and retirees. The program is liable for the first \$200,000 per person, per year, except for deductible amounts. The City has purchased an insurance policy to cover any cost over the \$200,000 limitation, not to exceed the limit of \$4,800,000 lifetime per person.

The City is self-insured for workers' compensation, automobile and public entity liability insurance. The City maintains a \$350,000 Self-Insured Retention (SIR) for worker's compensation and a \$500,000 SIR for auto and public entity liability. The City has purchased additional insurance to cover potential claims in excess of the SIR.

A designation of unreserved fund balance in the amount of \$5,499,138 is reported in the fund financial statements representing potential developed claims outstanding as of June 30, 2006 as provided by the City's insurance carrier. The Water and Sewer System enterprise fund has reserved \$500,000 of net assets as of December 31, 2005, towards payment of potential self-insured medical claims. The City believes these designations are sufficient to pay potential self-insured medical, workers' compensation, automobile or public entity liability claims incurred as of their respective balance sheet dates.

Amounts reported as accrued insurance claims in the government-wide financial statements for the prior two fiscal years is as follows:

	<u>2005</u>	<u>Estimated Claims Incurred</u>	<u>Claim and Premium Payments</u>	<u>2006</u>
Worker's compensation, automobile and public entity liability	\$ 3,910,390	\$ 3,109,585	\$ (3,462,242)	\$ 3,557,733
Retrospective adjustment from prior insurance carrier (including potential sewer back-up liability)	<u>3,199,690</u>	<u>616,406</u>	<u>(1,874,691)</u>	<u>1,941,405</u>
Estimated liability - end of year	<u>\$ 7,110,080</u>	<u>\$ 3,725,991</u>	<u>\$ (5,336,933)</u>	<u>\$ 5,499,138</u>

6. CONTINGENT LIABILITIES

Litigation

There are various claims and legal actions pending against the City of Warren and its various operating units, most of which are either partially or fully covered by insurance. The City maintains Public Entity Liability Coverage with a \$10 million limit. It is the opinion of management that any potential claims not covered by insurance would not materially affect the financial statements of the City.

7. UNAVAILABLE ASSETS HELD BY OTHER GOVERNMENTAL UNIT

The Macomb County Department of Public Works is holding \$5,384,316 of funds for the City of Warren to be used for the maintenance, construction, and debt service of drain construction projects within the City of Warren.

(Continued)

CITY OF WARREN, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

D. OTHER INFORMATION

8. JOINT VENTURE

The City is a member of the South Macomb Disposal Authority, which provides refuse disposal services to participating municipalities in Macomb County, Michigan. Other members include the cities of Center Line, Roseville, Eastpointe and St. Clair Shores, Michigan. The City appoints one member to the joint venture's governing board, who then approves the annual budget. Complete financial statements for the South Macomb Disposal Authority can be obtained from the administrative offices at 2001 Pleasant Avenue, Box 286, St. Clair Shores, Michigan 48080.

9. SUBSEQUENT EVENTS

The new Warren City Hall opened its doors on October 30, 2006. This new four-story, state of the art facility includes an attached parking structure, a Main Public Library, meeting rooms and community gathering areas. Various city departments have also moved to the new City Hall to better serve the residents and improve the operational efficiency of the City itself. This site and the adjacent two-acre City Square have been upgraded with new roads, decorative sidewalks and street lighting, landscaping, and also includes construction of an outdoor ice-rink and warming shelter. Formal dedication of the new City Center was held on December 9, 2006.

On December 7, 2006, the City sold \$7.53 million of Capital Improvement Bonds, Series 2006 to finance various road construction projects within the City. This issue was allocated between the Road Construction Fund and Water and Sewer System in the amounts of \$5.41 million and \$2.12 million respectively.

CITY OF WARREN, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF WARREN, MICHIGAN
SUMMARY BUDGETARY COMPARISON SCHEDULE
REVENUES, EXPENDITURES, AND OTHER FINANCING SOURCES AND USES

GENERAL FUND

Year Ended June 30, 2006

With Comparative Actual Totals for Year Ended June 30, 2005

	2006				2005
	Original Budget	Amended Budget	Actual	Variance	Actual
Revenues:					
Taxes	\$ 59,893,501	\$ 59,893,501	\$ 60,386,167	\$ 492,666	\$ 56,379,197
Licenses and permits	2,235,000	2,235,000	2,420,993	185,993	2,167,451
Intergovernmental:					
Federal revenue	47,000	179,639	1,604,251	1,424,612	2,400,863
State revenue	15,318,196	16,166,573	15,919,836	(246,737)	15,948,814
Local revenue	525,000	525,000	632,224	107,224	566,184
Charges for services	713,000	803,300	1,114,413	311,113	972,182
Fines and fees	4,329,000	4,329,000	4,991,922	662,922	4,724,853
Interest on investments	750,000	755,600	2,617,658	1,862,058	1,389,586
Miscellaneous	5,157,100	5,172,942	7,011,128	1,838,186	5,096,398
Total revenues	<u>88,967,797</u>	<u>90,060,555</u>	<u>96,698,592</u>	<u>6,638,037</u>	<u>89,645,528</u>
Expenditures:					
General government	24,300,876	26,694,772	25,555,753	1,139,019	22,481,014
Public safety	55,427,765	59,161,663	56,883,739	2,277,924	52,137,434
City development	5,183,331	5,414,390	4,791,022	623,368	4,970,368
Highways and streets	2,430,650	2,430,650	2,395,887	34,763	2,342,308
Recreation and culture	43,950	44,250	32,874	11,376	35,192
Debt service	309,225	309,225	309,224	1	486,625
Total expenditures	<u>87,695,797</u>	<u>94,054,950</u>	<u>89,968,499</u>	<u>4,086,451</u>	<u>82,452,941</u>
Excess (deficiency) of revenues over expenditures	<u>1,272,000</u>	<u>(3,994,395)</u>	<u>6,730,093</u>	<u>10,724,488</u>	<u>7,192,587</u>
Other financing sources (uses):					
Transfer from:					
Budget stabilization fund	-	-	-	-	750,000
Drug forfeiture fund	110,000	110,000	110,000	-	105,000
Transfer to:					
Michigan transportation operating funds	(170,000)	(180,000)	(177,720)	2,280	(176,352)
Water and Sewer System	(67,000)	(67,000)	(67,000)	-	(61,000)
Police and Fire V.E.B.A. Trust	-	-	-	-	(17,068,543)
Building Authority debt funds	(1,145,000)	(1,145,000)	(900,955)	244,045	(1,013,834)
Total other financing sources (uses)	<u>(1,272,000)</u>	<u>(1,282,000)</u>	<u>(1,035,675)</u>	<u>246,325</u>	<u>(17,464,729)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	-	(5,276,395)	5,694,418	10,970,813	(10,272,142)
Fund balance - beginning of year	<u>47,228,035</u>	<u>47,228,035</u>	<u>47,228,035</u>	-	<u>57,500,177</u>
Fund balance - end of year	<u>\$ 47,228,035</u>	<u>\$ 41,951,640</u>	<u>\$ 52,922,453</u>	<u>\$ 10,970,813</u>	<u>\$ 47,228,035</u>

See accompanying notes to financial statements.

EXHIBIT C-2

CITY OF WARREN, MICHIGAN
DETAILED BUDGETARY COMPARISON SCHEDULE -
REVENUES AND OTHER FINANCING SOURCES

GENERAL FUND

Year Ended June 30, 2006

With Comparative Actual Totals for Year Ended June 30, 2005

	2006				2005 Actual
	Original Budget	Amended Budget	Actual	Variance	
Revenues:					
Property taxes:					
Real and personal property	\$ 57,344,314	\$ 57,344,314	\$ 57,378,297	\$ 33,983	\$ 53,515,101
Industrial facilities	985,187	985,187	1,085,902	100,715	974,312
Interest and penalties	185,000	185,000	467,971	282,971	445,853
Payment in lieu of taxes- trailer parks and senior citizen housing	29,000	29,000	31,334	2,334	30,802
Administration fee	1,350,000	1,350,000	1,422,663	72,663	1,413,129
	<u>59,893,501</u>	<u>59,893,501</u>	<u>60,386,167</u>	<u>492,666</u>	<u>56,379,197</u>
Licenses and permits:					
Building permits	1,150,000	1,150,000	954,828	(195,172)	1,034,508
Electrical permits	200,000	200,000	194,894	(5,106)	186,531
Mechanical permits	180,000	180,000	194,309	14,309	163,057
Plumbing permits	210,000	210,000	486,084	276,084	194,565
Plan review fees	160,000	160,000	183,702	23,702	205,139
Sidewalk permits	15,000	15,000	21,573	6,573	13,966
Zoning permits and fees	140,000	140,000	172,188	32,188	152,976
Animal licenses	20,000	20,000	26,982	6,982	27,863
Other licenses and permits	160,000	160,000	186,433	26,433	188,846
	<u>2,235,000</u>	<u>2,235,000</u>	<u>2,420,993</u>	<u>185,993</u>	<u>2,167,451</u>
Intergovernmental:					
Federal revenue:					
Civil defense grant	47,000	47,000	51,194	4,194	48,753
Local Law Enforcement Grant	-	-	118,850	118,850	9,807
Metro Medical Response Grant	-	-	12,263	12,263	-
I.C.T.P. Grant	-	82,639	1,365,618	1,282,979	2,148,092
Bullet Proof Vest Grant	-	-	6,799	6,799	7,251
Public Safety Foundation Grant	-	-	-	-	71,000
Bureau of Justice Assistance Grant	-	50,000	-	(50,000)	-
Domestic Preparedness Equipment Grant	-	-	49,527	49,527	115,960
	<u>47,000</u>	<u>179,639</u>	<u>1,604,251</u>	<u>1,424,612</u>	<u>2,400,863</u>
State revenue:					
State shared:					
Sales and use tax	14,700,000	14,700,000	14,540,634	(159,366)	14,705,085
Liquor licenses	74,000	74,000	84,171	10,171	80,458
Grants:					
COMET Grant	29,000	29,000	27,666	(1,334)	23,306
MATS Grant	-	-	78,839	78,839	88,832
Drug Court Grant - 2004	-	-	70,691	70,691	118,759
Drug Court Grant - 2005	-	40,000	2,391	(37,609)	-
Byrne Formula Grant - 2004	-	-	79,828	79,828	154,883
Byrne Formula Grant - 2005	-	160,000	97,097	(62,903)	-
911 Dispatch Training Grant	80,000	80,000	149,233	69,233	135,175
Personal Property Audit Grant	152,750	152,750	138,960	(13,790)	92,700
Homeland Security Grant - 2004	-	22,000	391,980	369,980	367,170
Homeland Security Grant - 2005	-	551,377	-	(551,377)	-
Community Foundation of SE MI. grant	-	75,000	75,000	-	-
Judge's salary standardization	182,446	182,446	183,346	900	182,446
	<u>15,218,196</u>	<u>16,066,573</u>	<u>15,919,836</u>	<u>(146,737)</u>	<u>15,948,814</u>

(Continued)

See accompanying notes to financial statements

CITY OF WARREN, MICHIGAN
DETAILED BUDGETARY COMPARISON SCHEDULE -
REVENUES AND OTHER FINANCING SOURCES

GENERAL FUND

Year Ended June 30, 2006

With Comparative Actual Totals for Year Ended June 30, 2005

	2006				2005 Actual
	Original Budget	Amended Budget	Actual	Variance	
Revenues, continued:					
Local revenue:					
School Liaison Officer reimbursement	250,000	250,000	251,718	1,718	213,282
Lake and River Fund Grant	-	-	-	-	48,112
Macomb West Nile Virus Assistance	5,000	5,000	-	(5,000)	150
Election expense reimbursement	100,000	100,000	55,994	(44,006)	-
City of Center Line court reimbursemen	270,000	270,000	324,512	54,512	304,640
	<u>625,000</u>	<u>625,000</u>	<u>632,224</u>	<u>7,224</u>	<u>566,184</u>
Charges for services:					
Police services and auctions	\$ 185,000	\$ 191,350	\$ 183,522	\$ (7,828)	\$ 212,773
Fire services	14,000	31,000	151,581	120,581	48,688
Clerk's services	190,000	190,000	218,544	28,544	219,106
I.F.T. exemption processing fees	2,000	2,000	2,250	250	4,250
Planning commission	22,000	22,000	16,916	(5,084)	36,980
Site plan fees	19,000	19,000	49,871	30,871	39,035
Engineering and inspection fees	60,000	126,650	212,463	85,813	88,210
Weed cutting	45,000	45,000	55,305	10,305	57,420
Board of appeals - fees	21,000	21,000	27,575	6,575	25,840
Block Grant administration	100,000	100,000	100,000	-	100,000
Miscellaneous	55,000	55,300	96,386	41,086	139,880
	<u>713,000</u>	<u>803,300</u>	<u>1,114,413</u>	<u>311,113</u>	<u>972,182</u>
37th District Court:					
Fines and fees	3,950,000	3,950,000	4,632,262	682,262	4,345,697
Probation fees	325,000	325,000	293,750	(31,250)	321,452
Civil infractions	4,000	4,000	3,075	(925)	4,475
Civil fees / drug treatment	-	-	20,985	20,985	-
Drug Court revenue	50,000	50,000	41,850	(8,150)	53,229
	<u>4,329,000</u>	<u>4,329,000</u>	<u>4,991,922</u>	<u>662,922</u>	<u>4,724,853</u>
Interest on investments	<u>750,000</u>	<u>755,600</u>	<u>2,617,658</u>	<u>1,862,058</u>	<u>1,389,586</u>
Miscellaneous:					
Equipment rentals:					
Major Street Fund	310,000	310,000	481,186	171,186	348,333
Local Street Fund	747,000	747,000	558,398	(188,602)	736,472
Salt dome rental	5,000	5,000	5,000	-	5,000
Administrative fees:					
Major Street Fund	444,400	444,400	444,400	-	431,500
Local Street Fund	190,400	190,400	190,400	-	184,900
Water and Sewer System	1,482,000	1,482,000	1,482,000	-	1,439,000
Senior Citizen Housing	107,700	107,700	107,700	-	104,600
Library	43,100	43,100	43,100	-	41,800
Recreation	86,300	86,300	86,300	-	83,740
Sanitation	761,700	761,700	761,700	-	739,500
Communications	100,200	100,200	100,200	-	97,300
Downtown Development Authority	579,300	579,300	579,300	-	562,400
Court building rental	250,000	250,000	250,000	-	250,000
Sale of property and equipmen	50,000	65,842	1,921,444	1,855,602	71,853
	<u>5,157,100</u>	<u>5,172,942</u>	<u>7,011,128</u>	<u>1,838,186</u>	<u>5,096,398</u>
Total revenues	<u>88,967,797</u>	<u>90,060,555</u>	<u>96,698,592</u>	<u>6,638,037</u>	<u>89,645,528</u>
Other financing sources:					
Transfer from:					
Budget stabilization fund	-	-	-	-	750,000
Drug forfeiture fund	110,000	110,000	110,000	-	105,000
Total other financing sources	<u>110,000</u>	<u>110,000</u>	<u>110,000</u>	<u>-</u>	<u>855,000</u>
Total revenues and other financing sources	<u>\$ 89,077,797</u>	<u>\$ 90,170,555</u>	<u>\$ 96,808,592</u>	<u>\$ 6,638,037</u>	<u>\$ 90,500,528</u>

EXHIBIT C-3

CITY OF WARREN, MICHIGAN
DETAILED BUDGETARY COMPARISON SCHEDULE -
EXPENDITURES AND OTHER FINANCING USES

GENERAL FUND

Year ended June 30, 2006

With Comparative Actual Totals for Year Ended June 30, 2005

	2006				2005
	Original Budget	Amended Budget	Actual	Variance	Actual
General government:					
Council:					
Personal services:					
Elected officials	\$ 247,986	\$ 247,986	\$ 247,986	\$ -	\$ 244,011
Permanent employees	247,903	247,903	250,828	(2,925)	249,960
Clerical co-op	2,000	2,000	2,822	(822)	-
Overtime	3,000	3,000	2,216	784	1,719
Employee benefits:					
Social security	39,378	39,898	39,706	192	38,645
Employee insurances	149,205	149,572	162,756	(13,184)	136,997
Retiree health insurance	118,212	119,773	120,615	(842)	117,735
Longevity	10,162	10,949	10,944	5	10,144
Retirement fund	100,333	100,333	99,734	599	94,888
Cost of living	860	860	584	276	515
Auto allowance	3,600	3,600	3,600	-	3,600
Uniform / cleaning allowance	-	6,000	6,000	-	-
Employee legal services	-	-	230	(230)	-
Office supplies	9,000	9,000	4,115	4,885	3,692
Other services and charges:					
Contractual services	13,000	13,000	2,412	10,588	1,667
Court reporter	25,500	25,500	26,025	(525)	20,635
Postage	2,500	2,500	663	1,837	719
Telephone	3,000	3,000	1,319	1,681	1,316
Printing and publishing	2,500	2,500	802	1,698	1,448
Total Council	978,139	987,374	983,357	4,017	927,691
Mayor:					
Personal services					
Elected official	110,640	110,640	110,636	4	109,006
Permanent employees	372,779	372,779	326,629	46,150	368,719
Temporary employees	10,000	10,000	12,086	(2,086)	-
Employee benefits:					
Social security	38,542	38,542	34,406	4,136	36,369
Employee insurances	69,962	69,962	57,861	12,101	64,623
Retiree health insurance	116,343	116,343	105,471	10,872	114,067
Longevity	9,892	9,892	9,036	856	6,779
Retirement fund	83,764	83,764	74,230	9,534	81,581
Cost of living	1,290	1,290	731	559	759
Auto allowance	10,800	10,800	8,139	2,661	8,450
Office supplies	15,000	15,000	7,568	7,432	10,999
Other services and charges					
Contractual services	4,200	4,200	2,059	2,141	2,367
Postage	9,000	9,000	736	8,264	1,073
Auto expense	800	800	602	198	546
Capital outlay:					
Office equipment	2,000	2,000	548	1,452	869
Total Mayor	855,012	855,012	750,738	104,274	806,207

(continued)

See accompanying notes to financial statements.

CITY OF WARREN, MICHIGAN
DETAILED BUDGETARY COMPARISON SCHEDULE -
EXPENDITURES AND OTHER FINANCING USES

GENERAL FUND

Year ended June 30, 2006

With Comparative Actual Totals for Year Ended June 30, 2005

	2006				2005 Actual
	Original Budget	Amended Budget	Actual	Variance	
General government, continued:					
37th District Court:					
Personal services:					
Elected officials	\$ 193,640	\$ 193,640	\$ 183,599	\$ 10,041	\$ 183,599
Permanent employees	2,275,913	2,275,913	2,269,576	6,337	2,247,623
Temporary employees	95,000	95,000	116,723	(21,723)	97,426
Temporary employees - drug court	-	90,058	73,247	16,811	59,795
Overtime	2,000	2,000	-	2,000	132
Employee benefits:					
Social security	190,557	202,159	196,801	5,358	189,528
Employee insurances	480,254	483,800	518,098	(34,298)	436,685
Retiree health insurance	588,710	602,686	593,530	9,156	572,656
Longevity	75,954	78,712	77,336	1,376	67,116
Retirement fund	598,068	598,068	591,345	6,723	545,878
Cost of living	9,890	9,890	6,614	3,276	5,800
Uniform / cleaning allowance	-	58,000	58,000	-	-
Employee legal services	-	-	2,227	(2,227)	-
Office supplies	45,000	45,000	38,830	6,170	56,624
Other services and charges:					
Contractual services	45,000	45,000	30,093	14,907	38,888
Independent audit	15,000	15,000	14,500	500	13,900
Contractual services - data processing	156,000	156,000	160,094	(4,094)	151,907
Postage	17,000	17,000	15,447	1,553	14,801
Bank service charges	13,000	13,000	20,541	(7,541)	-
Transcripts	500	500	69	431	82
Drug Court expense	50,000	50,000	41,104	8,896	33,233
W.R.A.P. Drug Court expense	-	7,474	476	6,998	600
Michigan Drug Court Enhancement Grant	-	49,411	44,340	5,071	34,665
Michigan Drug Court grant expense	-	40,000	-	40,000	-
Byrne Formula Grant 2004 expense	-	152,262	92,260	60,002	87,625
Byrne Formula Grant 2005 expense	-	91,745	55,500	36,245	-
Counsel for indigent defendants	500,000	500,000	607,923	(107,923)	537,655
Witness and jury fees	25,000	25,000	19,259	5,741	18,266
Telephone	35,000	35,000	22,741	12,259	23,051
Mileage	2,000	3,000	2,279	721	1,660
Public utilities	80,000	96,000	86,443	9,557	79,664
Building rental	250,000	250,000	250,000	-	250,000
Dues and subscriptions	6,000	6,000	5,368	632	4,785
Books	13,000	13,000	10,460	2,540	6,955
Capital outlay:					
Office equipment	5,000	5,000	5,329	(329)	14,357
Total 37th District Court	5,767,486	6,305,318	6,210,152	95,166	5,774,956

(continued)

EXHIBIT C-3 (continued)

CITY OF WARREN, MICHIGAN
DETAILED BUDGETARY COMPARISON SCHEDULE -
EXPENDITURES AND OTHER FINANCING USES

GENERAL FUND

Year ended June 30, 2006

With Comparative Actual Totals for Year Ended June 30, 2005

	2006				2005
	Original Budget	Amended Budget	Actual	Variance	Actual
General government, continued:					
Clerk:					
Personal services					
Elected official	\$ 81,830	\$ 81,830	\$ 81,825	\$ 5	\$ 80,619
Permanent employees	379,989	379,989	357,978	22,011	471,726
Seasonal employees	50,000	50,000	33,877	16,123	47,139
Overtime	20,000	20,000	11,015	8,985	30,393
Employee benefits:					
Social security	42,521	42,521	38,600	3,921	50,218
Employee insurances	83,915	84,405	75,145	9,260	84,889
Retiree health insurance	114,785	114,785	106,291	8,494	139,068
Longevity	15,304	16,137	15,313	824	19,423
Retirement fund	103,317	103,317	94,815	8,502	130,173
Cost of living	1,505	1,505	946	559	995
Uniforms	190	190	190	-	497
Uniform / cleaning allowance	-	8,000	8,000	-	-
Employee legal services	-	-	384	(384)	-
Office supplies	21,000	21,000	11,754	9,246	13,622
Other services & charges					
Contractual services	60,000	60,000	9,078	50,922	1,940
Postage	35,000	35,000	12,430	22,570	30,842
Election wages	87,000	87,000	24,620	62,380	185,195
Election expense	85,000	85,000	25,469	59,531	55,455
Auto expense	1,500	1,500	1,264	236	1,240
Printing and publishing	60,000	60,000	43,077	16,923	45,497
Capital outlay:					
Office equipment	-	-	-	-	2,406
Total Clerk	<u>1,242,856</u>	<u>1,252,179</u>	<u>952,071</u>	<u>300,108</u>	<u>1,391,337</u>
Treasurer:					
Personal services:					
Elected official	81,830	81,830	81,825	5	80,619
Permanent employees	596,895	596,895	574,400	22,495	561,995
Seasonal employees	32,000	32,000	20,362	11,638	16,594
Overtime	11,000	11,000	5,003	5,997	8,164
Employee benefits:					
Social security	57,555	57,555	54,420	3,135	52,407
Employee insurances	123,568	124,301	114,556	9,745	104,114
Retiree health insurance	163,584	163,584	159,171	4,413	153,068
Longevity	18,526	18,526	17,604	922	14,936
Retirement fund	165,391	165,391	163,253	2,138	144,149
Cost of living	2,365	2,365	1,471	894	1,298
Uniform / cleaning allowance	-	12,000	12,000	-	-
Employee legal services	-	-	461	(461)	-
Office supplies	9,500	9,500	6,866	2,634	6,975
Other services and charges:					
Contractual services	14,000	14,000	18,634	(4,634)	12,380
Postage	60,000	60,000	46,820	13,180	44,570
Legal fees	6,000	6,000	13,450	(7,450)	-
Tax statement preparation	46,000	65,330	21,499	43,831	20,617
Mileage	500	500	740	(240)	495
Delinquent personal property tax write off	125,000	125,000	125,000	-	125,000
Capital outlay:					
Office equipment	-	-	-	-	6,249
Total Treasurer	<u>1,513,714</u>	<u>1,545,777</u>	<u>1,437,535</u>	<u>108,242</u>	<u>1,353,630</u>

(continued)

CITY OF WARREN, MICHIGAN
DETAILED BUDGETARY COMPARISON SCHEDULE -
EXPENDITURES AND OTHER FINANCING USES

GENERAL FUND

Year ended June 30, 2006

With Comparative Actual Totals for Year Ended June 30, 2005

	2006				2005
	Original Budget	Amended Budget	Actual	Variance	Actual
General government, continued:					
Controller:					
Personal services:					
Appointed official	\$ 105,746	\$ 105,746	\$ 110,594	\$ (4,848)	\$ 105,393
Permanent employees	1,116,252	1,116,252	1,098,396	17,856	1,109,978
Clerical co-op	20,000	20,000	15,956	4,044	19,939
Overtime	27,000	27,000	31,570	(4,570)	19,130
Employee benefits:					
Social security	100,373	101,802	99,756	2,046	96,491
Employee insurances	209,351	210,332	225,451	(15,119)	188,486
Retiree health insurance	298,592	302,887	311,843	(8,956)	300,062
Longevity	40,421	41,093	40,736	357	36,350
Retirement fund	354,262	354,262	354,468	(206)	328,024
Cost of living	4,085	4,085	2,827	1,258	2,436
Auto allowance	3,600	3,600	-	3,600	3,600
Uniform / cleaning allowance	-	18,000	18,000	-	-
Employee legal services	-	-	691	(691)	-
Office supplies	21,000	21,000	17,804	3,196	18,883
Other services & charges:					
Contractual services	3,000	3,000	2,719	281	2,306
Postage	4,000	4,000	2,472	1,528	2,317
Mileage	1,200	1,700	1,135	565	1,237
Auto expense	-	1,000	772	228	-
Capital outlay:					
Office equipment	2,000	2,000	2,569	(569)	-
Total controller	2,310,882	2,337,759	2,337,759	-	2,234,632
Charges reimbursable via Public Act 55	(242,004)	(242,004)	(242,004)	-	(232,461)
Net Controller	2,068,878	2,095,755	2,095,755	-	2,002,171
Information Systems:					
Personal services:					
Permanent employees	213,195	213,195	225,547	(12,352)	214,833
Temporary employees	7,000	7,000	3,045	3,955	5,821
Overtime	8,000	8,000	5,766	2,234	5,799
Employee benefits:					
Social security	18,059	18,212	17,984	228	17,072
Employee insurances	35,589	35,711	39,044	(3,333)	30,968
Retiree health insurance	52,027	52,487	54,772	(2,285)	51,837
Longevity	4,168	4,168	4,166	2	4,159
Retirement fund	31,179	31,179	32,431	(1,252)	31,362
Cost of living	645	645	454	191	391
Uniform / cleaning allowance	-	2,000	2,000	-	-
Employee legal services	-	-	77	(77)	-
Operating supplies	5,550	5,550	4,268	1,282	4,754
Other services and charges:					
Contractual services	130,000	130,000	106,557	23,443	91,259
Software services	18,000	18,000	10,817	7,183	15,331
Capital outlay:					
Computer equipment	5,000	5,000	8,282	(3,282)	4,148
Total Information Systems	528,412	531,147	515,210	15,937	477,734

(continued)

EXHIBIT C-3 (continued)

CITY OF WARREN, MICHIGAN
DETAILED BUDGETARY COMPARISON SCHEDULE -
EXPENDITURES AND OTHER FINANCING USES

GENERAL FUND

Year ended June 30, 2006

With Comparative Actual Totals for Year Ended June 30, 2005

	2006				2005
General government, continued:	Original Budget	Amended Budget	Actual	Variance	Actual
Legal:					
Personal services:					
Appointed official	\$ 105,838	\$ 105,838	\$ 105,821	\$ 17	\$ 105,484
Assistant attorneys	545,607	545,607	548,982	(3,375)	536,368
Clerical staff	207,945	207,945	189,425	18,520	195,891
Part-time employees:					
Law clerks	38,000	38,000	35,291	2,709	36,632
Clerical co-op	8,000	8,000	17,700	(9,700)	6,355
Employee benefits:					
Social security	68,315	68,315	69,215	(900)	66,552
Employee insurances	118,798	118,798	123,701	(4,903)	108,466
Retiree health insurance	204,294	204,294	206,892	(2,598)	201,079
Longevity	22,115	22,115	23,356	(1,241)	19,150
Retirement fund	222,101	222,101	227,671	(5,570)	205,436
Cost of living	2,365	2,365	1,535	830	1,336
Auto allowance	3,600	3,600	3,600	-	3,600
Office supplies	7,000	7,000	5,738	1,262	5,994
Other services and charges:					
Contractual services	2,500	2,500	1,749	751	1,825
Postage	2,200	2,200	1,602	598	1,710
Legal fees	5,000	5,000	7,040	(2,040)	4,415
Mileage	1,200	1,200	1,094	106	839
Books, dues and subscription	23,000	23,000	17,466	5,534	13,776
Total Legal	1,587,878	1,587,878	1,587,878	-	1,514,908
Assessing:					
Personal services:					
Appointed official	97,061	97,061	99,279	(2,218)	96,708
Permanent employees	666,768	666,768	611,480	55,288	650,938
Seasonal employees	7,000	7,000	8,314	(1,314)	4,451
Overtime	12,000	12,000	7,536	4,464	4,971
Employee benefits:					
Social security	62,635	64,110	58,332	5,778	59,381
Employee insurances	122,815	123,900	119,862	4,038	111,958
Retiree health insurance	186,826	191,258	178,480	12,778	182,527
Longevity	29,567	30,834	30,218	616	27,124
Retirement fund	256,437	256,437	233,888	22,549	228,376
Cost of living	2,580	2,580	1,615	965	1,535
Auto allowance	3,600	3,600	3,600	-	3,600
Uniform / cleaning allowance	-	18,000	18,000	-	-
Employee legal services	-	-	576	(576)	-
Office supplies	6,000	6,000	5,347	653	5,485
Other services and charges:					
Contractual services:					
Data conversion	11,000	11,000	-	11,000	-
Software services	12,000	12,000	14,810	(2,810)	6,014
Personal property audit grant expense	339,450	339,450	339,450	-	206,700
Postage	21,780	21,780	21,395	385	21,101
Board of review	5,500	5,500	4,482	1,018	4,349
Tax roll preparation	18,000	18,000	11,009	6,991	12,733
Auto expense	2,200	2,200	1,437	763	881
Total Assessing	1,863,219	1,889,478	1,769,110	120,368	1,628,832

(continued)

CITY OF WARREN, MICHIGAN
DETAILED BUDGETARY COMPARISON SCHEDULE -
EXPENDITURES AND OTHER FINANCING USES

GENERAL FUND

Year ended June 30, 2006

With Comparative Actual Totals for Year Ended June 30, 2005

	2006				2005 Actual
	Original Budget	Amended Budget	Actual	Variance	
General government, continued:					
D.P.W. Garage:					
Personal services:					
Clerical salaries	\$ 49,613	\$ 49,613	\$ 50,754	\$ (1,141)	\$ 49,237
Mechanics wages	403,950	403,950	413,710	(9,760)	397,518
Overtime - clerical	1,500	1,500	2,211	(711)	1,273
Overtime - mechanics	40,000	40,000	37,312	2,688	34,181
Employee benefits:					
Social security	39,773	41,111	41,244	(133)	38,985
Employee insurances	105,889	106,791	109,802	(3,011)	96,600
Retiree health insurance	118,131	122,150	124,195	(2,045)	115,798
Longevity	16,300	17,771	17,765	6	12,947
Retirement fund	108,967	108,967	102,338	6,629	94,679
Cost of living	1,832	1,832	1,363	469	1,132
Uniforms	1,520	1,520	1,520	-	1,520
Uniform / cleaning allowance	-	16,000	16,000	-	-
Employee legal services	-	-	614	(614)	-
Supplies:					
Operating supplies	138,000	138,000	115,131	22,869	108,688
Gasoline and diesel oil	75,000	110,000	88,787	21,213	80,878
Other services and charges:					
Contractual service	41,000	41,000	31,061	9,939	31,166
Telephone and radio	14,000	14,000	6,813	7,187	10,496
Vehicle maintenance	270,000	270,000	240,291	29,709	260,140
Public utilities	89,300	119,300	100,559	18,741	95,681
Capital outlay:					
Office equipment	2,000	2,000	442	1,558	1,712
Equipment and machinery	4,000	4,000	28,918	(24,918)	-
Total D.P.W. Garage	1,520,775	1,609,505	1,530,830	78,675	1,432,631
Building Maintenance:					
Personal services:					
Superintendent	72,688	72,688	69,800	2,888	72,324
Permanent employees	728,792	728,792	639,367	89,425	683,114
Seasonal employees	18,000	18,000	30,941	(12,941)	13,490
Overtime	23,000	23,000	24,566	(1,566)	21,519
Employee benefits:					
Social security	68,190	70,007	62,919	7,088	62,965
Employee insurances	210,503	212,078	189,491	22,587	195,065
Retiree health insurance	198,412	203,870	182,384	21,486	185,071
Longevity	34,006	35,728	34,636	1,092	30,246
Retirement fund	301,413	301,413	248,266	53,147	253,378
Cost of living	3,421	3,421	1,989	1,432	2,115
Uniforms	2,660	2,660	2,660	-	2,850
Uniform / cleaning allowance	-	22,000	22,000	-	-
Employee legal services	-	-	755	(755)	-
Supplies:					
Operating	28,000	28,000	31,182	(3,182)	24,697
Other services and charges:					
Repairs and maintenance	52,000	52,000	34,442	17,558	42,539
Contractual services	65,000	65,000	22,432	42,568	57,538
Vehicle maintenance	4,400	5,400	5,487	(87)	4,527
Capital outlay:					
Equipment - maintenance	2,000	2,000	1,050	950	-
Total Building Maintenance	1,812,485	1,846,057	1,604,367	241,690	1,651,438

(continued)

EXHIBIT C-3 (continued)

CITY OF WARREN, MICHIGAN
DETAILED BUDGETARY COMPARISON SCHEDULE -
EXPENDITURES AND OTHER FINANCING USES

GENERAL FUND

Year ended June 30, 2006
With Comparative Actual Totals for Year Ended June 30, 2005

	2006				2005
General government, continued:	Original Budget	Amended Budget	Actual	Variance	Actual
Civil Service - Police and Fire:					
Personal services:					
Permanent employees	\$ 49,824	\$ 49,824	\$ 51,344	\$ (1,520)	\$ 49,466
Overtime	3,000	3,000	439	2,561	209
Fees and per diem	3,000	3,000	1,700	1,300	1,550
Employee benefits:					
Social security	4,321	4,496	4,334	162	3,941
Employee insurances	9,150	9,273	7,556	1,717	8,560
Retiree health insurance	12,832	13,358	13,101	257	11,919
Longevity	2,700	2,983	2,983	-	1,974
Retirement fund	21,002	21,002	20,750	252	17,799
Cost of living	215	215	148	67	128
Uniform / cleaning allowance	-	2,000	2,000	-	-
Employee legal services	-	-	77	(77)	-
Supplies:					
Office supplies	1,400	1,400	557	843	854
Exams and operating supplies	26,000	26,000	120	25,880	11,730
Other services and charges:					
Postage	1,000	1,000	82	918	117
Total Civil Service - Police and Fire	134,444	137,551	105,191	32,360	108,247
 Personnel:					
Personal services:					
Permanent employees	386,461	386,461	388,267	(1,806)	389,651
Temporary / Co-op	6,500	6,500	3,728	2,772	-
Overtime	3,476	3,476	3,157	319	1,685
Fees and per diem	3,000	3,000	3,000	-	3,000
Employee benefits:					
Social security	31,990	32,327	31,636	691	30,872
Employee insurances	72,844	73,089	77,274	(4,185)	65,722
Retiree health insurance	93,646	94,658	95,088	(430)	93,838
Longevity	11,975	12,375	11,425	950	11,932
Retirement fund	86,127	86,127	87,087	(960)	81,481
Cost of living	1,290	1,290	820	470	768
Uniform / cleaning allowance	-	4,000	4,000	-	-
Auto allowance	3,600	3,600	3,600	-	3,600
Employee legal services	-	-	154	(154)	-
Office supplies	6,500	6,500	3,023	3,477	4,828
Other services and charges:					
Contractual services	25,000	25,000	21,045	3,955	5,044
Contractual services -					
Employee Assistance Center	15,500	15,500	14,400	1,100	14,580
Postage	7,000	7,000	4,775	2,225	1,968
Medical services	32,000	32,000	33,024	(1,024)	19,373
Mileage	250	250	134	116	37
Printing and publishing	20,000	20,000	18,308	1,692	3,222
Insurance Line of Credit cost	5,000	5,000	-	5,000	-
Membership and dues	1,100	1,100	990	110	959
Total Personnel	813,259	819,253	804,935	14,318	732,560

(continued)

CITY OF WARREN, MICHIGAN
DETAILED BUDGETARY COMPARISON SCHEDULE -
EXPENDITURES AND OTHER FINANCING USES

GENERAL FUND

Year ended June 30, 2006

With Comparative Actual Totals for Year Ended June 30, 2005

	2006				2005 Actual
	Original Budget	Amended Budget	Actual	Variance	
General government, continued:					
Labor Relations:					
Personal services:					
Permanent employees	\$ 78,658	\$ 78,658	\$ 82,259	\$ (3,601)	\$ 81,889
Temporary employees	3,000	3,000	3,168	(168)	2,982
Overtime	4,000	4,000	-	4,000	-
Employee benefits:					
Social security	6,865	6,865	6,755	110	6,711
Employee insurances	14,446	14,446	15,842	(1,396)	13,201
Retiree health insurance	19,699	19,699	19,591	108	19,502
Longevity	2,700	2,700	2,700	-	2,700
Retirement fund	12,836	12,836	12,766	70	12,707
Cost of living	215	215	146	69	128
Office supplies	2,200	2,200	495	1,705	569
Other services and charges:					
Arbitration expense	120,000	120,000	125,998	(5,998)	118,377
Printing and publishing	4,000	4,000	-	4,000	-
Membership and dues	8,000	8,000	6,789	1,211	5,397
Total Labor Relations	276,619	276,619	276,509	110	264,163
City Retirement:					
Retiree benefits:					
Insurance	6,400,000	6,400,000	5,993,630	406,370	5,222,466
Medicare reimbursement	475,000	475,000	468,450	6,550	394,352
Personal services:					
Accounting services	139,049	139,049	-	139,049	-
Clerical services	102,955	102,955	-	102,955	-
Temporary employees	-	-	4,795	(4,795)	-
Fees and per diem	600	600	-	600	-
Employee benefits:					
Social security	-	-	297	(297)	-
Employee insurances	-	-	4	(4)	-
Office supplies	2,500	2,500	108	2,392	104
Other services and charges:					
Contractual services	796,450	796,450	-	796,450	-
Service contracts	1,000	1,000	-	1,000	-
Disability physicals	1,000	1,000	-	1,000	-
Bank custodial fees	37,070	37,070	-	37,070	-
Conferences and workshops	10,000	10,000	-	10,000	-
Legal fees	12,000	12,000	-	12,000	-
Postage	4,000	4,000	3,213	787	3,459
Printing and publishing	2,000	2,000	-	2,000	-
Telephone	750	750	-	750	-
Memberships and dues	725	725	-	725	-
Total city retirement	7,985,099	7,985,099	6,470,497	1,514,602	5,620,381
Charges reimbursable via Public Act 55	(1,085,899)	(1,085,899)	(8,417)	(1,077,482)	(3,563)
Charges reimbursable via VEBA Trust	(6,899,200)	(6,899,200)	(6,462,080)	(437,120)	(5,616,818)
Net City Retirement	-	-	-	-	-

(continued)

EXHIBIT C-3 (continued)

CITY OF WARREN, MICHIGAN
DETAILED BUDGETARY COMPARISON SCHEDULE -
EXPENDITURES AND OTHER FINANCING USES

GENERAL FUND

Year ended June 30, 2006

With Comparative Actual Totals for Year Ended June 30, 2005

	2006				2005
	Original Budget	Amended Budget	Actual	Variance	Actual
General government, continued:					
Police and Fire Retirement:					
Retiree benefits:					
Insurance	\$ 5,600,000	\$ 5,600,000	\$ 6,325,203	\$ (725,203)	\$ 5,096,856
Medicare reimbursement	265,000	265,000	291,983	(26,983)	235,787
Personal services:					
Permanent employees	115,763	115,763	121,083	(5,320)	121,821
Overtime	4,718	4,718	4,634	84	3,902
Social security	9,717	9,870	10,137	(267)	9,980
Employee insurances	20,284	20,406	22,181	(1,775)	18,594
Retiree health insurance	28,862	29,322	30,498	(1,176)	30,027
Longevity	4,468	4,468	4,468	-	4,453
Retirement fund	36,753	36,753	38,312	(1,559)	35,176
Cost of living	430	430	300	130	263
Uniform / cleaning allowance	-	2,000	2,000	-	-
Employee legal services	-	-	77	(77)	-
Office supplies	4,400	4,400	599	3,801	200
Other services and charges:					
Contractual services	1,700,000	1,700,000	-	1,700,000	-
Independent audit	20,000	20,000	-	20,000	-
Postage	4,500	4,500	2,428	2,072	2,484
Disability physicals	1,000	1,000	-	1,000	-
Conferences and workshops	16,032	16,032	-	16,032	-
Printing and publishing	3,200	3,200	-	3,200	-
Insurance and bonds	35,000	35,000	-	35,000	-
Total police and fire retirement	7,870,127	7,872,862	6,853,903	1,018,959	5,559,543
Charges reimbursable via Public Act 55	(2,005,127)	(2,005,127)	(236,717)	(1,768,410)	(226,899)
Charges reimbursable via VEBA Trust	(5,865,000)	(5,865,000)	(6,617,186)	752,186	(5,990,281)
Net Police and Fire Retirement	-	2,735	-	2,735	(657,637)
Beautification Commission:					
Employee benefits:					
Employee insurances	-	-	-	-	1,366
Office supplies	800	800	284	516	713
Other services and charges:					
Contractual services	4,000	4,000	2,124	1,876	1,143
Postage	1,000	1,000	1,241	(241)	60
Telephone expense	800	800	181	619	188
Mileage	600	600	660	(60)	224
Public utilities	700	700	314	386	259
School program	1,000	1,000	950	50	775
Awards committee	9,000	9,000	8,596	404	-
Clean up campaign	2,000	2,000	1,328	672	410
Installation and informational dinner meetings	1,200	1,200	739	461	763
Dial-a-helper	300	300	-	300	-
Total Beautification Commission	21,400	21,400	16,417	4,983	5,901
Senior Health Care Services Commission:					
Other services and charges:					
Community promotion and public relations	2,500	2,500	2,500	-	2,500
Total Senior Health Care Services Commission	2,500	2,500	2,500	-	2,500

(continued)

CITY OF WARREN, MICHIGAN
DETAILED BUDGETARY COMPARISON SCHEDULE -
EXPENDITURES AND OTHER FINANCING USES

GENERAL FUND

Year ended June 30, 2006

With Comparative Actual Totals for Year Ended June 30, 2005

	2006				2005 Actual
	Original Budget	Amended Budget	Actual	Variance	
General government, continued:					
Council of Commissions					
Office supplies	\$ 200	\$ 200	\$ 84	\$ 116	\$ 69
Other services and charges:					
Printing and publishing	400	400	-	400	-
Appreciation reception	3,000	3,000	2,282	718	2,517
Total Council of Commissions	3,600	3,600	2,366	1,234	2,586
Animal Welfare Commission					
Office supplies	600	600	271	329	-
Other services and charges:					
Operating expense	3,000	3,000	1,628	1,372	347
Education	500	500	-	500	-
Postage	100	100	10	90	24
Telephone	600	600	56	544	308
Vaccination fair	700	700	188	512	492
Dog park	4,000	4,000	3,244	756	1,209
Chipping clinic	500	500	-	500	-
K9 facility	-	-	-	-	2,221
Total Animal Welfare Commission	10,000	10,000	5,397	4,603	4,601
Administrative Unallocated Expense:					
Other services and charges:					
Education allowance	10,000	10,000	5,526	4,474	5,709
Independent audit	52,000	52,000	50,400	1,600	48,900
Tax reverted property acquisition	27,000	27,000	24,871	2,129	20,979
Unemployment costs	150,000	150,000	145,726	4,274	28,548
Legal fees	-	-	-	-	140,644
Professional services	375,000	375,000	174,297	200,703	-
Telephone and radio	80,000	80,000	67,462	12,538	55,564
Conferences and workshops	8,000	8,000	6,698	1,302	5,740
Community promotion	10,000	10,000	3,322	6,678	7,871
Insurance and bonds	1,765,000	1,765,000	2,174,167	(409,167)	1,842,779
Lawsuit settlements	10,000	1,884,691	1,874,690	10,001	5,685
Investment Policy Commission bank rating	1,000	1,000	305	695	280
401(a) Board operating expense	1,500	1,500	750	750	839
Disability Commission operating expense	1,000	1,000	103	897	98
Public utilities - court building	9,200	9,200	8,510	690	7,823
Public utilities - city hall	100,000	180,000	161,513	18,487	101,318
Eight Mile Road Vision Action Plan	7,500	7,500	7,370	130	7,370
HOME Program	45,000	45,000	45,000	-	60,000
Michigan Suburbs Alliance	7,000	7,000	6,912	88	6,336
Auction sale	1,000	1,000	100	900	-
Refund of taxes paid under protest	95,000	95,000	53,355	41,645	168,002
Accrued liabilities and commitments	425,000	85,743	-	85,743	-
Liability transfer:					
Accumulated sick leave	120,000	120,000	94,358	25,642	542,073
Total expenditures	3,300,200	4,915,634	4,905,435	10,199	3,056,558
Other uses:					
Transfer to Building Authority Bond Debt Fund:					
Series 2005 multiple purpose bonds	735,000	735,000	498,075	236,925	-
Series 2002 multiple purpose bonds	410,000	410,000	402,880	7,120	416,084
Series 1997 multiple purpose bonds	-	-	-	-	597,750
Transfer to Police and Fire V.E.B.A. Trust	-	-	-	-	17,068,543
Total other uses	1,145,000	1,145,000	900,955	244,045	18,082,377
Total Administrative Unallocated Expense	4,445,200	6,060,634	5,806,390	254,244	21,138,935
Total general government	25,445,876	27,839,772	26,456,708	1,383,064	40,563,391

(continued)

EXHIBIT C-3 (continued)

CITY OF WARREN, MICHIGAN
DETAILED BUDGETARY COMPARISON SCHEDULE -
EXPENDITURES AND OTHER FINANCING USES

GENERAL FUND

Year ended June 30, 2006

With Comparative Actual Totals for Year Ended June 30, 2005

	2006				2005
	Original Budget	Amended Budget	Actual	Variance	Actual
Public safety:					
Fire Department:					
Personal services:					
Appointed official	\$ 105,003	\$ 105,003	\$ 104,987	\$ 16	\$ 104,632
Firemen	9,857,371	10,063,443	10,126,011	(62,568)	9,986,374
Mechanics	153,669	153,669	153,586	83	153,927
Civilians and clerical	151,389	151,389	151,377	12	150,314
Clerical co-op	10,000	10,000	-	10,000	2,294
Overtime:					
Firemen	550,000	550,000	406,325	143,675	521,204
Mechanics	10,000	10,000	5,795	4,205	2,047
Clerical	3,000	3,000	-	3,000	189
Shift premium	270,000	270,000	268,486	1,514	275,994
Employee benefits:					
Education allowance	31,600	31,600	31,250	350	32,050
Cleaning allowance	7,500	7,500	7,500	-	7,500
Food allowance	105,600	105,600	105,868	(268)	105,133
Uniform / cleaning allowance	-	6,000	6,000	-	-
Social security	88,075	88,586	89,541	(955)	85,329
Holiday pay	613,542	613,542	609,401	4,141	606,349
Employee insurances	2,177,373	2,177,620	2,277,140	(99,520)	2,007,511
Retiree health insurance	1,653,579	1,682,810	1,694,410	(11,600)	1,698,233
Longevity	303,965	304,637	301,017	3,620	294,955
Retirement fund	2,657,115	2,702,018	2,679,935	22,083	786,893
Cost of living	24,908	24,908	18,662	6,246	16,984
Uniforms	52,350	52,350	52,087	263	43,543
Employee legal services	-	-	230	(230)	-
Supplies:					
EMS medical supplies	45,000	45,000	36,092	8,908	24,967
Operating supplies	73,000	73,000	39,748	33,252	35,003
Other services and charges:					
Contractual services	30,000	40,086	29,278	10,808	71,652
Fire Prevention Week	3,000	4,000	2,800	1,200	938
S.M.I.R.T. fund	7,500	7,500	7,500	-	7,500
Laundry	14,000	14,000	17,489	(3,489)	13,070
Instruction	40,000	40,000	26,146	13,854	13,243
Medical services	30,000	30,000	14,177	15,823	6,999
Telephone and radio	57,000	57,000	44,409	12,591	43,914
Vehicle maintenance	160,000	190,000	172,742	17,258	145,476
Public utilities	120,750	145,750	126,961	18,789	126,215
Building maintenance	48,000	48,000	33,010	14,990	44,965
Hydrant installation and repairs	30,000	30,000	30,000	-	30,000
Public fire protection (water)	60,000	60,000	60,000	-	60,000
Membership and dues	4,000	4,000	405	3,595	2,125
Capital outlay:					
Metro Medical Response Grant equipment	-	270,366	45,215	225,151	86,898
Fire equipment	75,000	108,108	90,111	17,997	38,538
Domestic Preparedness Grant expense	-	88,693	63,432	25,261	61,174
Total Fire Department	19,623,289	20,369,178	19,929,123	440,055	17,694,132

(continued)

CITY OF WARREN, MICHIGAN
DETAILED BUDGETARY COMPARISON SCHEDULE -
EXPENDITURES AND OTHER FINANCING USES

GENERAL FUND

Year ended June 30, 2006

With Comparative Actual Totals for Year Ended June 30, 2005

	2006				2005
	Original Budget	Amended Budget	Actual	Variance	Actual
Public safety, continued:					
Police Department:					
Personal services:					
Appointed official	\$ 105,003	\$ 105,003	\$ 104,985	\$ 18	\$ 104,632
Policemen	16,068,777	16,068,777	15,784,665	284,112	16,048,232
Civilians and clerical	1,924,166	1,924,166	1,808,236	115,930	1,832,503
Crossing guards	126,072	126,072	107,491	18,581	112,958
Temporary employees	40,000	40,000	43,860	(3,860)	46,161
Overtime - policemen	1,550,000	1,550,000	1,513,686	36,314	1,429,035
Overtime - civilians	40,000	40,000	19,705	20,295	10,690
Employee benefits:					
Shift premium	340,000	340,000	313,680	26,320	318,277
Gun allowance	179,250	179,250	167,811	11,439	178,455
Education allowance	54,600	54,600	59,000	(4,400)	58,733
Cleaning allowance	143,400	143,400	138,049	5,351	146,113
Uniform / cleaning allowance	-	29,000	29,000	-	-
Social security	358,261	360,661	346,996	13,665	342,976
Holiday pay	926,174	926,174	877,841	48,333	903,434
Employee insurances	3,676,398	3,678,188	3,669,741	8,447	3,361,298
Retiree health insurance	3,113,530	3,120,743	3,087,779	32,964	3,081,151
Longevity	429,959	432,295	413,388	18,907	428,850
Retirement fund	4,869,409	4,869,409	4,692,734	176,675	1,729,813
Cost of living	47,194	47,194	35,089	12,105	32,134
Uniforms	112,740	112,740	112,740	-	128,679
Employee legal services	-	-	1,152	(1,152)	-
Office supplies	80,000	80,000	58,194	21,806	56,237
Other services and charges:					
Operating expense	52,000	52,000	27,304	24,696	37,938
Ammunition	31,000	31,000	26,652	4,348	30,043
Contractual services	250,000	255,350	262,897	(7,547)	205,348
Postage	6,500	6,500	5,091	1,409	5,089
Special investigations	10,000	10,000	7,000	3,000	3,000
Prisoners' food	25,000	25,000	32,345	(7,345)	23,245
Crime prevention	6,000	6,000	5,825	175	5,668
Instruction	56,000	56,000	40,847	15,153	38,731
911 Dispatch training expense	10,000	10,000	5,649	4,351	6,538
Telephone and radio	140,000	140,000	131,559	8,441	82,504
Vehicle maintenance	190,000	260,000	272,474	(12,474)	209,159
Community promotion	1,500	1,500	947	553	832
Youth Athletic League	6,000	7,000	4,708	2,292	5,999
DARE operating expense	20,000	20,000	19,132	868	18,833
Public utilities	165,000	200,000	182,312	17,688	166,933
Building maintenance	65,000	65,000	59,726	5,274	50,029
Capital outlay:					
Capital improvements	6,200	48,974	46,751	2,223	56,175
Office equipment	34,090	34,090	24,844	9,246	18,739
Fleet turnover	-	15,842	15,596	246	19,586
Police equipment	34,710	44,534	20,169	24,365	8,961
911 equipment	80,000	165,533	84,292	81,241	145,467
Law Enforcement Grant equipment	-	187,391	137,720	49,671	10,896
State Domestic Preparedness Grant	-	18,368	1,840	16,528	54,786
Federal Bureau of Justice Assistance Grant expense	-	50,000	-	50,000	-
Interoperable Communications Grant expense	-	1,448,258	1,365,618	82,640	2,148,092
Total Police Department	35,373,933	37,386,012	36,167,120	1,218,892	33,702,952

(continued)

EXHIBIT C-3 (continued)

CITY OF WARREN, MICHIGAN
DETAILED BUDGETARY COMPARISON SCHEDULE -
EXPENDITURES AND OTHER FINANCING USES

GENERAL FUND

Year ended June 30, 2006

With Comparative Actual Totals for Year Ended June 30, 2005

	2006				2005
	Original Budget	Amended Budget	Actual	Variance	Actual
Public safety, continued:					
Animal Control:					
Personal services:					
Permanent employees	\$ 97,454	\$ 97,454	\$ 95,424	\$ 2,030	\$ 92,730
Temporary employees	9,000	9,000	9,728	(728)	8,273
Overtime	3,000	3,000	507	2,493	883
Employee benefits:					
Social security	8,671	8,977	8,547	430	7,831
Employee insurances	21,291	21,556	23,140	(1,584)	19,390
Retiree health insurance	23,680	24,600	23,527	1,073	21,835
Longevity	1,982	1,982	1,978	4	982
Retirement fund	25,492	25,492	24,184	1,308	21,706
Cost of living	430	430	295	135	257
Uniforms	760	760	379	381	381
Uniform / cleaning allowance	-	4,000	4,000	-	-
Employee legal services	-	-	154	(154)	-
Operating supplies	1,200	1,200	1,181	19	732
Other services and charges:					
Animal collections	60,000	60,000	43,844	16,156	52,559
Vehicle maintenance	4,000	6,000	5,130	870	4,642
Total Animal Control	256,960	264,451	242,018	22,433	232,201
Civil Defense:					
Personal services:					
Policemen	86,854	86,854	88,829	(1,975)	86,010
Overtime	3,317	3,317	1,664	1,653	403
Shift premium	250	250	5	245	-
Employee benefits:					
Gun allowance	750	750	750	-	750
Cleaning allowance	600	600	600	-	600
Holiday pay	4,658	4,658	4,658	-	4,508
Employee insurances	15,875	15,875	16,670	(795)	14,171
Retiree health insurance	13,319	13,319	13,538	(219)	12,751
Longevity	3,100	3,100	3,100	-	3,100
Retirement fund	21,593	21,593	21,607	(14)	5,756
Cost of Living	167	167	123	44	106
Uniforms	600	600	600	-	-
Operating supplies	300	300	-	300	-
Other services and charges:					
Contractual services	8,000	8,000	11,595	(3,595)	3,356
Public utilities	100	100	130	(30)	57
Capital outlay:					
State Homeland Security Grant '04 expense	-	417,062	371,657	45,405	367,170
State Homeland Security Grant '05 expense	-	551,377	-	551,377	-
Total Civil Defense	159,483	1,127,922	535,526	592,396	498,738
Crime Commission:					
Office supplies	1,200	1,200	801	399	524
Other services and charges:					
Contractual services	2,000	2,000	1,350	650	1,950
Telephone	400	400	254	146	257
Community promotion and public relations	8,000	8,000	4,869	3,131	3,831
Public utilities	2,500	2,500	2,678	(178)	2,349
Capital outlay:					
Office equipment	-	-	-	-	500
Total Crime Commission	14,100	14,100	9,952	4,148	9,411
Total public safety	55,427,765	59,161,663	56,883,739	2,277,924	52,137,434

(continued)

CITY OF WARREN, MICHIGAN
DETAILED BUDGETARY COMPARISON SCHEDULE -
EXPENDITURES AND OTHER FINANCING USES

GENERAL FUND

Year ended June 30, 2006

With Comparative Actual Totals for Year Ended June 30, 2005

	2006				2005
	Original Budget	Amended Budget	Actual	Variance	Actual
City development:					
Engineering and Inspections:					
Personal services:					
Engineers and inspectors	\$ 373,544	\$ 373,544	\$ 382,991	\$ (9,447)	\$ 418,028
Clerical	93,992	93,992	95,805	(1,813)	93,287
Temporary employees - inspection	65,000	65,000	18,853	46,147	17,350
Overtime - engineers and inspectors	130,000	162,000	143,947	18,053	115,842
Overtime - clerical	3,000	5,000	3,492	1,508	1,426
Employee benefits:					
Social security	53,353	54,381	50,485	3,896	50,820
Employee insurances	92,363	93,160	95,573	(2,413)	90,906
Retiree health insurance	143,509	153,996	152,659	1,337	147,835
Longevity	21,085	22,502	22,497	5	20,872
Retirement fund	205,813	216,063	207,993	8,070	196,072
Cost of living	1,790	1,790	1,682	108	1,464
Uniforms	950	950	950	-	833
Uniform / cleaning allowance	-	12,000	12,000	-	-
Employee legal services	-	-	474	(474)	-
Office supplies	17,000	17,000	8,238	8,762	14,067
Other services and charges:					
Software services	8,000	8,000	2,375	5,625	2,755
Contractual services - engineering and inspections	25,000	115,000	32,478	82,522	8,933
Postage	1,200	1,200	1,093	107	555
Telephone and radio	6,000	6,000	3,409	2,591	3,751
Auto expense	11,000	20,000	16,560	3,440	9,548
Public utilities	15,000	20,000	16,027	3,973	14,988
Memberships and dues	2,000	2,000	1,100	900	1,050
Capital outlay:					
Lake and River Fund Grant expense	-	-	-	-	48,112
Total expenditures	1,269,599	1,443,578	1,270,681	172,897	1,258,494
Other uses:					
Transfer to Water and Sewer System	67,000	67,000	67,000	-	61,000
Total other uses	67,000	67,000	67,000	-	61,000
Total Engineering and Inspections	1,336,599	1,510,578	1,337,681	172,897	1,319,494
Service Division:					
Personal services:					
Permanent employees	182,945	182,945	184,587	(1,642)	181,969
Seasonal employees	50,000	50,000	47,282	2,718	40,247
Overtime	3,460	3,460	-	3,460	311
Employee benefits:					
Social security	18,868	19,205	18,523	682	17,510
Employee insurances	35,125	35,400	28,016	7,384	32,122
Retiree health insurance	44,536	45,548	44,804	744	43,234
Longevity	6,419	6,819	5,603	1,216	5,148
Retirement fund	42,986	42,986	41,914	1,072	39,378
Cost of living	645	645	439	206	384
Uniform / cleaning allowance	-	4,000	4,000	-	-
Employee legal services	-	-	154	(154)	-
Office supplies	5,500	5,500	5,940	(440)	5,016
Other services and charges:					
Contractual services	20,000	20,000	13,750	6,250	-
Weed mowing program	45,000	45,000	39,728	5,272	47,462
Rodent control program	2,500	2,500	415	2,085	290
Housing code enforcement program	91,000	91,000	97,437	(6,437)	85,543
Postage	1,600	1,600	2,012	(412)	1,516
West Nile Virus expense	5,000	5,000	-	5,000	-
Auto expense	1,300	3,800	2,711	1,089	1,404
Total Service Division	556,884	565,408	537,315	28,093	501,534

(continued)

EXHIBIT C-3 (continued)

CITY OF WARREN, MICHIGAN
DETAILED BUDGETARY COMPARISON SCHEDULE -
EXPENDITURES AND OTHER FINANCING USES

GENERAL FUND

Year ended June 30, 2006

With Comparative Actual Totals for Year Ended June 30, 2005

	2006				2005 Actual
	Original Budget	Amended Budget	Actual	Variance	
City development, continued:					
Building Inspections:					
Personal services:					
Supervisory	\$ 170,488	\$ 170,488	\$ 101,442	\$ 69,046	\$ 172,417
Inspectors	705,331	705,331	632,883	72,448	698,099
Clerical	182,915	182,915	144,357	38,558	174,387
Clerical Co-op / Temporary	35,000	35,000	39,939	(4,939)	14,258
Overtime - inspectors	10,000	10,000	12,835	(2,835)	6,000
Overtime - clerical	2,000	2,000	3,130	(1,130)	197
Fees and per diem	5,000	5,000	3,523	1,477	3,058
Employee benefits:					
Social security	88,384	88,384	74,924	13,460	87,317
Employee insurances	168,157	168,157	134,340	33,817	154,982
Retiree health insurance	256,634	256,634	217,076	39,558	261,881
Longevity	36,831	38,431	32,025	6,406	34,977
Retirement fund	293,448	293,448	252,529	40,919	277,054
Cost of living	3,655	3,655	2,010	1,645	2,051
Auto allowance	3,600	3,600	503	3,097	3,600
Uniform / cleaning allowance	-	14,000	12,000	2,000	-
Employee legal services	-	-	538	(538)	-
Office supplies	20,000	20,000	12,711	7,289	17,576
Other services and charges:					
Software services	3,500	3,500	10,405	(6,905)	1,905
Contractual services - inspectors	125,000	125,000	172,817	(47,817)	111,705
Nuisance abatements:					
Title search	5,000	5,000	3,818	1,182	1,360
Demolition expense	6,000	6,000	-	6,000	-
Postage	3,900	3,900	3,895	5	3,326
Auto expense	7,500	9,000	8,232	768	6,976
Total Building Inspections	2,132,343	2,149,443	1,875,932	273,511	2,033,126
Public Service Director:					
Personal services:					
Appointed official	102,010	102,010	106,687	(4,677)	101,657
Permanent employees	192,751	192,751	126,905	65,846	186,797
Clerical Co-op	21,000	21,000	25,500	(4,500)	21,080
Overtime	4,000	4,000	-	4,000	30
Employee benefits:					
Social security	24,633	24,633	19,279	5,354	23,396
Employee insurances	45,516	45,638	46,687	(1,049)	41,247
Retiree health insurance	71,125	71,125	55,403	15,722	69,040
Longevity	9,349	9,349	4,941	4,408	6,640
Retirement fund	56,440	56,440	29,883	26,557	49,746
Cost of living	860	860	439	421	312
Uniform / cleaning allowance	-	2,000	2,000	-	-
Employee legal services	-	-	77	(77)	-
Office supplies	6,000	6,000	3,070	2,930	2,589
Other services and charges:					
Postage	800	800	753	47	769
Auto expense	3,700	3,700	4,058	(358)	3,873
Total Public Service Director	538,184	540,306	425,682	114,624	507,176
Zoning Board of Appeals:					
Meeting allowance	7,560	7,560	6,055	1,505	5,845
Office supplies	1,500	1,500	894	606	478
Other services and charges:					
Outside court reporter	6,000	6,000	5,500	500	5,500
Postage	6,000	6,000	5,688	312	4,541
Total Zoning Board of Appeals	21,060	21,060	18,137	2,923	16,364

(continued)

CITY OF WARREN, MICHIGAN
DETAILED BUDGETARY COMPARISON SCHEDULE -
EXPENDITURES AND OTHER FINANCING USES

GENERAL FUND

Year ended June 30, 2006

With Comparative Actual Totals for Year Ended June 30, 2005

	2006				2005
	Original Budget	Amended Budget	Actual	Variance	Actual
City development, continued:					
Planning:					
Personal services:					
Appointed official	\$ 86,516	\$ 86,516	\$ 90,485	\$ (3,969)	\$ 86,163
Permanent employees	208,475	208,475	214,451	(5,976)	241,651
Co-op employees - planning aides	32,000	32,000	24,250	7,750	8,771
Overtime	8,000	8,000	7,845	155	-
Meeting allowance	8,820	8,820	6,545	2,275	7,245
Employee benefits:					
Social security	26,956	27,140	26,756	384	27,148
Employee insurances	46,990	47,113	49,140	(2,027)	44,737
Retiree health insurance	73,262	73,814	76,005	(2,191)	81,098
Longevity	10,800	11,200	11,197	3	12,518
Retirement fund	80,382	80,382	80,584	(202)	83,189
Cost of living	860	860	600	260	659
Auto allowance	3,600	3,600	3,600	-	3,600
Uniform / cleaning allowance	-	2,000	2,000	-	-
Employee legal services	-	-	77	(77)	-
Office supplies	11,000	11,000	2,205	8,795	5,813
Other services and charges:					
Contractual services	30,000	30,000	10,294	19,706	9,871
Tax reverted property expense	5,000	31,075	30,393	682	11,167
Postage	3,800	3,800	3,015	785	3,264
Mileage	1,800	1,800	830	970	616
Publications - advertising	6,000	6,000	3,640	2,360	6,778
Membership and dues	21,000	21,000	19,363	1,637	19,386
Total Planning	665,261	694,595	663,275	31,320	653,674
 Total expenditures	 5,183,331	 5,414,390	 4,791,022	 623,368	 4,970,368
Total other uses	67,000	67,000	67,000	-	61,000
Total city development	5,250,331	5,481,390	4,858,022	623,368	5,031,368
 Highways and streets:					
Street Maintenance:					
Employee benefits:					
Uniforms	6,650	6,650	5,521	1,129	6,650
Operating supplies	4,000	4,000	3,632	368	3,623
Total expenditures	10,650	10,650	9,153	1,497	10,273
Other uses:					
Reimbursement to major streets	70,000	70,000	70,000	-	68,489
Reimbursement to local streets	100,000	110,000	107,720	2,280	107,863
Total other uses	170,000	180,000	177,720	2,280	176,352
Total Street Maintenance	180,650	190,650	186,873	3,777	186,625
 Highway Street Lighting:					
Street lighting	2,420,000	2,420,000	2,386,734	33,266	2,332,035
 Total expenditures	 2,430,650	 2,430,650	 2,395,887	 34,763	 2,342,308
Total other uses	170,000	180,000	177,720	2,280	176,352
Total highways and streets	2,600,650	2,610,650	2,573,607	37,043	2,518,660

(continued)

EXHIBIT C-3 (continued)

CITY OF WARREN, MICHIGAN
DETAILED BUDGETARY COMPARISON SCHEDULE -
EXPENDITURES AND OTHER FINANCING USES

GENERAL FUND

Year ended June 30, 2006

With Comparative Actual Totals for Year Ended June 30, 2005

	2006				2005
	Original Budget	Amended Budget	Actual	Variance	Actual
Recreation and culture:					
Cultural Commission:					
Office supplies	\$ 100	\$ 100	\$ 27	\$ 73	\$ 32
Other services and charges:					
Contractual services - sound system	3,000	3,000	2,500	500	2,000
Concert band	500	500	500	-	500
Summer program	15,200	15,200	12,505	2,695	11,772
Art consultant	4,000	4,000	4,000	-	6,000
Artist in residence program	500	500	500	-	375
Winter program	4,000	4,300	3,031	1,269	-
Handicapped program	-	-	-	-	3,069
Warren Community Chorus	500	500	500	-	500
Warren Symphony Orchestra	500	500	500	-	500
Warren Tri-County Fine Arts	500	500	500	-	500
Total Cultural Commission	28,800	29,100	24,563	4,537	25,248
Historical Commission:					
Office supplies	1,000	1,000	769	231	902
Other services and charges:					
Telephone and radio	250	250	166	84	-
Community promotion and public relations	2,000	2,000	537	1,463	1,072
Memberships and dues	400	400	335	65	335
Historical site plaques	1,300	1,300	1,048	252	-
Museum expense	5,000	5,000	2,167	2,833	4,901
Capital outlay:					
Office equipment	-	-	410	(410)	-
Total Historical Commission	9,950	9,950	5,432	4,518	7,210
Village Historical Commission:					
Office supplies	500	500	-	500	234
Other services and charges:					
Community promotion and public relations	2,000	2,000	-	2,000	-
Public utilities	2,700	2,700	2,879	(179)	2,500
Total Village Historical Commission	5,200	5,200	2,879	2,321	2,734
Total recreation and culture	43,950	44,250	32,874	11,376	35,192
Debt service:					
D.P.W. garage lease	110,517	110,517	110,517	-	110,517
Energy program - police building	-	-	-	-	177,401
Energy program - city hall	198,708	198,708	198,707	1	198,707
Total debt service	309,225	309,225	309,224	1	486,625
 Total expenditures	 87,695,797	 94,054,950	 89,968,499	 4,086,451	 82,452,941
Total other uses	1,382,000	1,392,000	1,145,675	246,325	18,319,729
Total General Fund	\$ 89,077,797	\$ 95,446,950	\$ 91,114,174	\$ 4,332,776	\$ 100,772,670

EXHIBIT C-4

CITY OF WARREN, MICHIGAN
BUDGETARY COMPARISON SCHEDULE

MICHIGAN TRANSPORTATION OPERATING FUNDS
MAJOR STREETS

Year Ended June 30, 2006

With Comparative Actual Totals for Year Ended June 30, 2005

	2006				2005 Actual
	Original Budget	Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental:					
State:					
Gas and weight tax	\$ 6,200,000	\$ 6,200,000	\$ 6,352,609	\$ 152,609	\$ 6,433,713
P.A. 48 - METRO Act proceeds	200,000	200,000	386,196	186,196	419,063
MDOT Category A grant	-	-	-	-	1,982
County:					
Weed mowing	14,000	14,000	14,511	511	14,511
Winter maintenance	9,000	9,000	9,291	291	9,291
Interest on investments	70,000	70,000	297,770	227,770	132,485
Miscellaneous	-	-	-	-	89,948
Total revenues	<u>6,493,000</u>	<u>6,493,000</u>	<u>7,060,377</u>	<u>567,377</u>	<u>7,100,993</u>
Expenditures - highways and streets					
Administration and engineering					
Personal services					
Supervision	113,003	113,003	116,961	(3,958)	113,195
Clerical	68,756	68,756	69,944	(1,188)	67,364
Overtime	500	500	500	500	-
Employees benefits:					
Social security	14,785	15,030	15,028	2	14,540
Employee insurances	36,882	37,066	37,511	(445)	32,858
Retiree health insurance	44,070	44,806	45,822	(1,016)	43,729
Longevity	6,738	6,938	6,936	2	6,319
Retirement fund	55,713	55,713	56,909	(1,196)	51,203
Cost of living	645	645	439	206	383
Auto allowance	1,800	1,800	1,800	-	1,800
Uniform / cleaning allowance	-	3,000	3,000	-	-
Employee legal services	-	-	96	(96)	-
Other services and charges					
Administrative costs	444,400	444,400	444,400	-	431,500
Accumulated sick leave	70,000	70,000	-	70,000	9,181
Total administration and engineering	<u>857,292</u>	<u>861,657</u>	<u>798,846</u>	<u>62,811</u>	<u>772,072</u>
Routine maintenance:					
Personal services					
Permanent employees	612,104	612,104	648,019	(35,915)	539,758
Temporary employees	20,800	20,800	24,804	(4,004)	19,059
Overtime	29,968	29,968	49,556	(19,588)	25,031
Employee benefits:					
Social security	53,255	53,255	56,014	(2,759)	42,549
Employee insurances	159,329	159,329	159,379	(50)	109,467
Retiree health insurance	153,398	153,398	165,171	(11,773)	124,555
Longevity	21,755	23,304	31,408	(8,104)	20,640
Retirement fund	231,394	231,394	239,063	(7,669)	167,674
Cost of living	2,544	2,544	1,865	679	1,265
Uniform / cleaning allowance	-	16,197	14,528	1,669	-
Employee legal services	-	-	885	(885)	-
Repairs and maintenance supplies	36,488	36,488	48,498	(12,010)	44,319
Other services and charges					
Contractual services	431,000	431,000	243,031	187,969	297,875
Equipment rentals	230,000	230,000	404,155	(174,155)	246,779
Total routine maintenance	<u>1,982,035</u>	<u>1,999,781</u>	<u>2,086,376</u>	<u>(86,595)</u>	<u>1,638,971</u>

(continued)

See accompanying notes to financial statements

CITY OF WARREN, MICHIGAN
BUDGETARY COMPARISON SCHEDULE

MICHIGAN TRANSPORTATION OPERATING FUNDS
MAJOR STREETS

Year Ended June 30, 2006

With Comparative Actual Totals for Year Ended June 30, 2005

	2006				2005 Actual
	Original Budget	Amended Budget	Actual	Variance	
Snow and ice control:					
Personal services					
Permanent employees	\$ 56,505	\$ 56,505	\$ 29,630	\$ 26,875	\$ 38,465
Overtime	37,730	37,730	29,049	8,681	62,864
Employee benefits:					
Social security	7,476	7,476	4,671	2,805	8,335
Employee insurances	14,708	14,708	9,741	4,967	16,237
Retiree health insurance	22,209	22,209	14,726	7,483	25,147
Longevity	2,008	2,008	665	1,343	732
Retirement fund	33,502	33,502	20,909	12,593	33,012
Cost of living	235	235	43	192	47
Uniform / cleaning allowance	-	-	217	(217)	-
Employee legal services	-	-	77	(77)	-
Repairs and maintenance supplies	200,000	200,000	103,299	96,701	209,430
Other services and charges					
Contractual services	25,000	25,000	1,050	23,950	6,027
Equipment rentals	75,000	75,000	57,029	17,971	94,704
Salt dome rental	2,500	2,500	2,500	-	2,500
Total snow and ice control	<u>476,873</u>	<u>476,873</u>	<u>273,606</u>	<u>203,267</u>	<u>497,500</u>
Traffic services:					
Personal services					
Permanent employees	44,548	44,548	48,047	(3,499)	37,559
Overtime	708	708	441	267	212
Employee benefits:					
Social security	3,643	3,719	4,210	(491)	3,041
Employee insurances	11,596	11,596	11,784	(188)	7,819
Retiree health insurance	10,824	11,051	12,845	(1,794)	9,109
Longevity	1,583	1,670	2,584	(914)	1,401
Retirement fund	16,329	16,329	14,886	1,443	9,970
Cost of living	185	185	139	46	91
Uniform / cleaning allowance	-	902	1,403	(501)	-
Employee legal services	-	-	62	(62)	-
Other services and charges					
Traffic signs	10,000	10,000	8,869	1,131	9,536
Traffic signals	100,000	154,724	-	154,724	20,813
Traffic signal maintenance	180,000	180,000	207,015	(27,015)	200,463
Pavement marking	100,000	100,000	47,104	52,896	29,799
Equipment rentals	5,000	5,000	20,002	(15,002)	6,851
Total traffic services	<u>484,416</u>	<u>540,432</u>	<u>379,391</u>	<u>161,041</u>	<u>336,664</u>
Construction	<u>846,000</u>	<u>913,484</u>	<u>52,574</u>	<u>860,910</u>	<u>57,190</u>
Total expenditures - highways and street:	<u>4,646,616</u>	<u>4,792,227</u>	<u>3,590,793</u>	<u>1,201,434</u>	<u>3,302,397</u>
Excess (deficiency) of revenues over expenditure	<u>1,846,384</u>	<u>1,700,773</u>	<u>3,469,584</u>	<u>1,768,811</u>	<u>3,798,596</u>
Other financing sources (uses)					
Transfer from general fund	69,701	69,701	70,000	299	68,489
Transfers to:					
Water and Sewer System	(35,000)	(35,000)	(35,000)	-	(35,000)
Michigan transportation local street operating fund	(1,550,000)	(1,550,000)	(1,550,000)	-	(1,500,000)
1997 Act 175 - debt fund	(430,660)	(430,660)	(430,660)	-	(429,290)
2000 Act 175 - debt fund	(329,930)	(329,930)	(329,930)	-	(334,330)
2003 Act 175 - refunding debt fund	(1,000,750)	(1,000,750)	(1,000,482)	268	(1,048,238)
2003 Act 175 - debt fund	(282,650)	(282,650)	(281,875)	775	(284,125)
Total other uses	<u>(3,559,289)</u>	<u>(3,559,289)</u>	<u>(3,557,947)</u>	<u>1,342</u>	<u>(3,562,494)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing use	<u>(1,712,905)</u>	<u>(1,858,516)</u>	<u>(88,363)</u>	<u>1,770,153</u>	<u>236,102</u>
Fund balance - beginning of year	<u>7,944,522</u>	<u>7,944,522</u>	<u>7,944,522</u>	<u>-</u>	<u>7,708,420</u>
Fund balance - end of year	<u>\$ 6,231,617</u>	<u>\$ 6,086,006</u>	<u>\$ 7,856,159</u>	<u>\$ 1,770,153</u>	<u>\$ 7,944,522</u>

EXHIBIT C-5

CITY OF WARREN, MICHIGAN
BUDGETARY COMPARISON SCHEDULE

MICHIGAN TRANSPORTATION OPERATING FUNDS
LOCAL STREETS

Year Ended June 30, 2006

With Comparative Actual Totals for Year Ended June 30, 2005

	2006				2005
	Original	Amended			
	Budget	Budget	Actual	Variance	Actual
Revenues:					
Intergovernmental:					
State:					
Gas and weight tax	\$ 2,050,000	\$ 2,050,000	\$ 2,119,875	\$ 69,875	\$ 2,145,833
Interest on investments	50,000	50,000	110,180	60,180	88,323
Miscellaneous	-	-	418	418	35
Total revenues	<u>2,100,000</u>	<u>2,100,000</u>	<u>2,230,473</u>	<u>130,473</u>	<u>2,234,191</u>
Expenditures - highways and streets					
Administration and engineering					
Personal services					
Supervision	113,003	113,003	116,961	(3,958)	113,195
Clerical	68,756	68,756	69,943	(1,187)	67,364
Overtime	500	500	-	500	-
Employees benefits:					
Social security	14,785	15,030	15,165	(135)	14,540
Employee insurances	36,882	37,065	37,510	(445)	32,858
Retiree health insurance	44,070	44,806	46,248	(1,442)	43,728
Longevity	6,738	6,938	6,936	2	6,319
Retirement fund	55,713	55,713	57,610	(1,897)	51,203
Cost of living	645	645	439	206	383
Auto allowance	1,800	1,800	1,800	-	1,800
Uniform / cleaning allowance	-	3,000	3,000	-	-
Employee legal services	-	-	96	(96)	-
Other services and charges					
Administrative costs	190,400	190,400	190,400	-	184,900
Accumulated sick leave	<u>30,000</u>	<u>30,000</u>	<u>-</u>	<u>30,000</u>	<u>9,178</u>
Total administration and engineering	<u>563,292</u>	<u>567,656</u>	<u>546,108</u>	<u>21,548</u>	<u>525,468</u>
Routine maintenance:					
Personal services					
Permanent employees	1,095,576	1,095,576	750,041	345,535	888,090
Temporary employees	31,200	31,200	30,547	653	38,954
Overtime	69,085	69,085	51,729	17,356	62,173
Employee benefits:					
Social security	96,049	98,346	70,218	28,128	80,708
Employee insurances	285,177	285,177	203,332	81,845	207,719
Retiree health insurance	278,116	285,014	205,877	79,137	235,321
Longevity	38,939	41,557	31,452	10,105	35,625
Retirement fund	419,525	419,525	294,461	125,064	319,871
Cost of living	4,553	4,553	2,480	2,073	2,508
Uniform / cleaning allowance	-	27,374	28,427	(1,053)	-
Employee legal services	-	-	815	(815)	-
Repairs and maintenance supplies	72,888	72,888	36,055	36,833	52,780
Other services and charges					
Contractual services	795,000	795,000	594,176	200,824	637,488
Equipment rentals	<u>690,000</u>	<u>690,000</u>	<u>504,885</u>	<u>185,115</u>	<u>632,597</u>
Total routine maintenance	<u>3,876,108</u>	<u>3,915,295</u>	<u>2,804,495</u>	<u>1,110,800</u>	<u>3,193,834</u>

(continued)

See accompanying notes to financial statements

CITY OF WARREN, MICHIGAN
BUDGETARY COMPARISON SCHEDULE

MICHIGAN TRANSPORTATION OPERATING FUNDS
LOCAL STREETS

Year Ended June 30, 2006

With Comparative Actual Totals for Year Ended June 30, 2005

	2006				2005
	Original	Amended	Actual	Variance	Actual
	Budget	Budget			
Snow and ice control:					
Personal services					
Permanent employees	\$ 60,555	\$ 60,555	\$ 29,588	\$ 30,967	\$ 53,951
Overtime	15,847	15,847	13,558	2,289	40,709
Employee benefits:					
Social security	6,107	6,107	3,482	2,625	7,748
Employee insurances	15,762	15,762	8,819	6,943	16,556
Retiree health insurance	18,141	18,141	10,798	7,343	23,314
Longevity	2,152	2,152	650	1,502	1,011
Retirement fund	27,365	27,365	15,458	11,907	31,123
Cost of living	252	252	86	166	68
Employee legal services	-	-	17	(17)	-
Repairs and maintenance supplies	100,000	100,000	32,486	67,514	85,621
Other services and charges					
Contractual services	20,000	20,000	1,050	18,950	6,026
Equipment rentals	50,000	50,000	39,088	10,912	94,443
Salt dome rental	2,500	2,500	2,500	-	2,500
Total snow and ice control	<u>318,681</u>	<u>318,681</u>	<u>157,580</u>	<u>161,101</u>	<u>363,070</u>
Traffic services:					
Personal services					
Permanent employees	59,205	59,205	38,746	20,459	62,388
Overtime	662	662	527	135	698
Employee benefits:					
Social security	4,821	4,949	3,358	1,591	5,022
Employee insurances	15,411	15,411	9,909	5,502	13,048
Retiree health insurance	14,322	14,707	10,172	4,535	15,053
Longevity	2,104	2,250	1,813	437	2,422
Retirement fund	21,605	21,605	11,694	9,911	16,440
Cost of living	246	246	137	109	178
Uniform / cleaning allowance	-	1,527	1,425	102	-
Employee legal services	-	-	39	(39)	-
Other services and charges					
Traffic signs	15,000	15,000	8,448	6,552	12,668
Traffic signal maintenance	40,000	40,000	41,360	(1,360)	40,191
Pavement marking	15,000	15,000	7,064	7,936	4,468
Equipment rentals	7,000	7,000	14,425	(7,425)	9,432
Total traffic services	<u>195,376</u>	<u>197,562</u>	<u>149,117</u>	<u>48,445</u>	<u>182,008</u>
Construction	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,584</u>
Total expenditures - highways and street:	<u>4,953,457</u>	<u>4,999,194</u>	<u>3,657,300</u>	<u>1,341,894</u>	<u>4,267,964</u>
Excess (deficiency) of revenues over expenditure	<u>(2,853,457)</u>	<u>(2,899,194)</u>	<u>(1,426,827)</u>	<u>1,472,367</u>	<u>(2,033,773)</u>
Other financing sources (uses)					
Transfer from:					
General fund	99,701	99,701	107,720	8,019	107,863
Michigan transportation major street operating fund	1,550,000	1,550,000	1,550,000	-	1,500,000
Transfers to:					
Water and Sewer System	(35,000)	(35,000)	(35,000)	-	(35,000)
2003 Act 175 - refunding debt fund	(75,338)	(75,338)	(75,305)	33	(78,900)
Total other uses	<u>1,539,363</u>	<u>1,539,363</u>	<u>1,547,415</u>	<u>8,052</u>	<u>1,493,963</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing use	<u>(1,314,094)</u>	<u>(1,359,831)</u>	<u>120,588</u>	<u>1,480,419</u>	<u>(539,810)</u>
Fund balance - beginning of year	<u>2,213,633</u>	<u>2,213,633</u>	<u>2,213,633</u>	<u>-</u>	<u>2,753,443</u>
Fund balance - end of year	<u>\$ 899,539</u>	<u>\$ 853,802</u>	<u>\$ 2,334,221</u>	<u>\$ 1,480,419</u>	<u>\$ 2,213,633</u>

CITY OF WARREN, MICHIGAN
BUDGETARY COMPARISON SCHEDULE

SANITATION

Year Ended June 30, 2006

With Comparative Actual Totals for Year Ended June 30, 2005

	2006				2005
	Original Budget	Amended Budget	Actual	Variance	Actual
Revenues:					
Property taxes:					
Real and personal property	\$ 7,983,396	\$ 7,983,396	\$ 7,988,329	\$ 4,933	\$ 7,883,538
Industrial facilities	137,156	137,156	151,178	14,022	143,566
	<u>8,120,552</u>	<u>8,120,552</u>	<u>8,139,507</u>	<u>18,955</u>	<u>8,027,104</u>
Miscellaneous:					
Transfer station royalties	120,000	120,000	560,000	440,000	-
Recycling revenue	45,000	45,000	39,434	(5,566)	51,005
Sale of equipment	-	-	812	812	49,470
Miscellaneous	55,000	55,000	69,326	14,326	77,541
	<u>220,000</u>	<u>220,000</u>	<u>669,572</u>	<u>449,572</u>	<u>178,016</u>
Interest on investments	<u>45,000</u>	<u>45,000</u>	<u>160,189</u>	<u>115,189</u>	<u>76,893</u>
Total revenues	<u>8,385,552</u>	<u>8,385,552</u>	<u>8,969,268</u>	<u>583,716</u>	<u>8,282,013</u>
Expenditures - Sanitation:					
Personal services:					
Supervisory	153,318	153,318	155,225	(1,907)	150,384
Wages-rubbish collection	1,590,384	1,590,384	1,415,235	175,149	1,411,450
Mechanics wages	221,069	221,069	171,848	49,221	167,607
Clerical	88,280	88,280	34,496	53,784	86,368
Seasonal employees - summer rubbish collection	460,000	460,000	362,372	97,628	399,569
Clerical co-op	-	-	18,502	(18,502)	-
Overtime - rubbish collection	375,000	375,000	374,180	820	362,832
Overtime - mechanics	40,000	40,000	31,427	8,573	32,318
Overtime - clerical	4,000	4,000	625	3,375	3,753
Employee benefits:					
Social security	232,121	232,121	205,234	26,887	204,933
Employee insurances	648,776	648,776	550,813	97,963	524,187
Retiree health insurance	583,549	583,549	519,694	63,855	516,325
Longevity	53,367	54,821	51,598	3,223	47,770
Retirement fund	724,698	724,698	583,583	141,115	565,808
Cost of living	9,562	9,562	6,810	2,752	5,935
Uniforms	7,220	7,220	7,220	-	6,624
Uniform / cleaning allowance	-	63,000	62,000	1,000	-
Employee legal services	-	-	2,457	(2,457)	-
Office supplies	14,000	14,000	10,656	3,344	10,911
Other services and charges:					
Contractual services	19,000	19,000	10,585	8,415	-
Hazardous waste collection	40,000	40,000	25,226	14,774	43,794
Burglar alarm	-	-	-	-	10,099
Rubbish hauling	1,503,800	1,503,800	1,354,735	149,065	1,373,688
Recycling and compost disposal	675,000	675,000	510,459	164,541	510,658
S M D A closure costs	30,000	30,000	6,819	23,181	9,389
S M D A legal and engineering costs	100,000	100,000	47,926	52,074	47,349
Unemployment	31,000	31,000	30,540	460	5,464
Telephone	5,000	5,000	3,744	1,256	3,801
Truck expense	195,000	195,000	181,668	13,332	172,293
Gasoline & diesel fuel	190,000	235,000	237,787	(2,787)	168,300
Community recycling & composting education	1,000	1,000	-	1,000	-
Printing and publishing	7,000	7,000	3,798	3,202	3,674
Insurance and bonds	125,100	125,100	125,100	-	121,500
Public utilities	37,000	47,000	37,747	9,253	41,950
Building maintenance	20,000	20,000	12,501	7,499	17,255
Administrative costs	761,700	761,700	761,700	-	739,500
Refund of taxes paid under protest	15,000	15,000	7,407	7,593	22,379
Estimated uncollectible taxes	10,000	10,000	10,000	-	10,000
Accumulated sick leave liability	7,000	7,000	-	7,000	8,919
Accumulated compensatory time liability	5,000	5,000	-	5,000	-
Capital outlay:					
Capital improvements	42,100	42,100	6,394	35,706	26,170
Office and garage equipment	8,144	8,144	1,974	6,170	7,636
Vehicles	255,364	255,364	132,935	122,429	393,551
Total expenditures - Sanitation	<u>9,288,552</u>	<u>9,408,006</u>	<u>8,073,020</u>	<u>1,334,986</u>	<u>8,234,143</u>
Excess (deficiency) of revenues over expenditures	(903,000)	(1,022,454)	896,248	1,918,702	47,870
Other financing uses:					
Transfer to Building Authority Bond Debt Fund:					
Series 2005 multiple purpose bonds	(45,000)	(45,000)	(29,720)	15,280	-
Series 2002 multiple purpose bonds	(25,000)	(25,000)	(23,555)	1,445	(24,327)
Total other financing uses	<u>(70,000)</u>	<u>(70,000)</u>	<u>(53,275)</u>	<u>16,725</u>	<u>(24,327)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(973,000)	(1,092,454)	842,973	1,935,427	23,543
Fund balance - beginning of year	<u>3,948,130</u>	<u>3,948,130</u>	<u>3,948,130</u>	<u>-</u>	<u>3,924,587</u>
Fund balance - end of year	<u>\$ 2,975,130</u>	<u>\$ 2,855,676</u>	<u>\$ 4,791,103</u>	<u>\$ 1,935,427</u>	<u>\$ 3,948,130</u>

See accompanying notes to financial statements.

CITY OF WARREN, MICHIGAN
BUDGETARY COMPARISON SCHEDULE

PARKS AND RECREATION

Year Ended June 30, 2006

With Comparative Actual Totals for Year Ended June 30, 2005

	2006				2005 Actual
	Original Budget	Amended Budget	Actual	Variance	
Revenues:					
Property Taxes:					
Real and personal property	\$ 4,112,812	\$ 4,112,812	\$ 4,115,229	\$ 2,417	\$ 4,062,391
Industrial facilities	70,658	70,658	77,883	7,225	73,961
	<u>4,183,470</u>	<u>4,183,470</u>	<u>4,193,112</u>	<u>9,642</u>	<u>4,136,352</u>
Intergovernmental:					
State grants:					
Emerald Ash Borer Grant	-	-	20,000	20,000	20,000
S.M.A.R.T. Community Credit Grant	152,000	152,000	278,020	126,020	325,354
Michigan Department of Transportation	58,000	58,000	60,984	2,984	60,964
	<u>210,000</u>	<u>210,000</u>	<u>359,004</u>	<u>149,004</u>	<u>406,318</u>
Charges for services:					
Recreation fees	450,000	450,000	506,468	56,468	463,865
Warren Community Center fees	925,000	925,000	1,435,686	510,686	1,327,053
Bingo fees	1,000	1,000	980	(20)	1,089
Senior transportation	25,000	25,000	19,980	(5,020)	21,917
Senior special events	45,000	45,000	44,979	(21)	41,940
Forestry - tree planting	5,000	5,000	3,007	(1,993)	9,440
	<u>1,451,000</u>	<u>1,451,000</u>	<u>2,011,100</u>	<u>560,100</u>	<u>1,865,304</u>
Miscellaneous:					
Lease proceeds	54,000	54,000	54,000	-	54,000
DTE Energy tree grant	-	-	3,000	3,000	-
Sale of equipment	-	-	850	850	1,013
W.C.C. brick program	-	-	500	500	1,400
Miscellaneous	20,000	20,000	55,464	35,464	20,111
	<u>74,000</u>	<u>74,000</u>	<u>113,814</u>	<u>39,814</u>	<u>76,524</u>
Interest on investments	30,000	30,000	116,094	86,094	50,415
	<u>30,000</u>	<u>30,000</u>	<u>116,094</u>	<u>86,094</u>	<u>50,415</u>
Total revenues	<u>5,948,470</u>	<u>5,948,470</u>	<u>6,793,124</u>	<u>844,654</u>	<u>6,534,913</u>
Expenditures - Recreation and culture:					
General parks and recreation expenditures:					
Personal services:					
Appointed official	92,739	92,739	92,726	13	92,371
Supervision	480,125	480,125	498,251	(18,126)	477,301
Maintenance wages	593,764	593,764	416,347	177,417	438,489
Seasonal employees - maintenance	67,000	67,000	85,689	(18,689)	77,994
Seasonal employees - recreation	1,200,000	1,200,000	1,309,157	(109,157)	1,275,662
Overtime - maintenance	35,000	35,000	32,658	2,342	39,657
Overtime - supervision and clerical	1,000	1,000	1,309	(309)	-
Shift premium	1,000	1,000	-	1,000	-
Employee benefits:					
Social security	194,645	196,136	181,315	14,821	180,162
Employee insurances	318,891	318,891	269,040	49,851	249,081
Retiree health insurance	287,728	287,728	253,915	33,813	255,073
Longevity	38,233	39,705	37,619	2,086	37,209
Retirement fund	332,445	332,445	264,612	67,833	257,188
Cost of living	4,440	4,440	2,613	1,827	2,324

(continued)

See accompanying notes to financial statements

EXHIBIT C-7 (continued)

CITY OF WARREN, MICHIGAN
BUDGETARY COMPARISON SCHEDULE

PARKS AND RECREATION

Year Ended June 30, 2006
With Comparative Actual Totals for Year Ended June 30, 2005

	2006				2005 Actual
	Original Budget	Amended Budget	Actual	Variance	
General parks and recreation expenditures:					
Employee benefits (continued):					
Uniforms	\$ 2,280	\$ 2,280	\$ 1,322	\$ 958	\$ 1,381
Uniform / cleaning allowance	-	18,000	18,000	-	-
Auto allowance	3,600	3,600	3,600	-	3,600
Employee legal services	-	-	602	(602)	-
Supplies:					
Office	11,000	11,000	9,035	1,965	7,777
Bingo supplies	1,000	1,000	452	548	325
Operating supplies	12,000	12,000	11,936	64	3,960
Playground and athletic	70,000	70,000	78,423	(8,423)	75,637
Repair and maintenance	150,000	150,000	144,498	5,502	133,820
Other services and charges:					
Contractual services	478,600	478,600	341,939	136,661	274,549
Postage	8,000	8,000	6,986	1,014	5,149
Unemployment	10,000	10,000	9,842	158	6,608
Tree maintenance	400,000	400,000	403,923	(3,923)	459,519
Telephone and radio	32,000	32,000	26,300	5,700	29,215
Auto expense	45,000	45,000	35,242	9,758	28,328
Conference and workshops	5,000	5,000	3,323	1,677	2,221
Printing and publishing	20,000	20,000	27,823	(7,823)	16,832
Insurance and bonds	84,900	84,900	84,900	-	82,400
Public utilities	425,000	525,000	527,925	(2,925)	417,618
Building maintenance	55,000	55,000	46,802	8,198	49,805
Rentals and janitorial services	12,000	12,000	8,165	3,835	7,211
Administrative costs	86,300	86,300	86,300	-	83,740
Senior transportation and special events	100,000	100,000	69,627	30,373	67,644
Refund taxes paid under protest	12,000	12,000	3,819	8,181	12,130
Estimated uncollectible taxes	4,000	4,000	7,966	(3,966)	4,000
Liability transfer:					
Accumulated sick leave	20,000	20,000	-	20,000	17,098
Accumulated compensatory time	5,000	5,000	-	5,000	-
Capital outlay:					
Capital improvements	250,000	250,000	137,069	112,931	25,547
Office equipment	4,000	4,000	13,723	(9,723)	12,997
Maintenance equipment	55,000	55,000	40,705	14,295	3,113
Recreation equipment	16,000	16,000	9,866	6,134	191,339
Total general parks and recreation	<u>6,024,690</u>	<u>6,145,653</u>	<u>5,605,364</u>	<u>540,289</u>	<u>5,406,074</u>
Veterans Park pool expenditures:					
Public utilities	25,000	25,000	3,235	21,765	19,136
Building maintenance	15,000	15,000	-	15,000	-
Total Veterans Park pool	<u>40,000</u>	<u>40,000</u>	<u>3,235</u>	<u>36,765</u>	<u>19,136</u>

(continued)

CITY OF WARREN, MICHIGAN
BUDGETARY COMPARISON SCHEDULE

PARKS AND RECREATION

Year Ended June 30, 2006

With Comparative Actual Totals for Year Ended June 30, 2005

	2006				2005 Actual
	Original Budget	Amended Budget	Actual	Variance	
Transportation expenditures:					
Personal services:					
Seasonal employees	\$ 130,000	\$ 130,000	\$ 127,968	\$ 2,032	\$ 139,936
Employee benefits:					
Social security	10,075	10,075	9,790	285	10,705
Employee insurances	2,706	2,706	1,976	730	2,674
Supplies:					
Office	1,000	1,000	590	410	380
Operating supplies	900	900	175	725	341
Other services and charges:					
Contractual services	5,600	5,600	3,753	1,847	4,513
Postage	150	150	-	150	-
Building maintenance	2,000	2,000	1,070	930	1,323
Telephone and radio	2,000	2,000	318	1,682	847
Auto expense	33,000	50,000	38,965	11,035	30,887
Printing and publishing	250	250	-	250	-
Public utilities	10,000	19,000	14,926	4,074	9,950
Conference and workshops	500	500	-	500	-
Insurance and bonds	10,600	10,600	10,600	-	10,300
Bus rental	10,000	10,000	1,512	8,488	6,596
Total transportation	<u>218,781</u>	<u>244,781</u>	<u>211,643</u>	<u>33,138</u>	<u>218,452</u>
 Total expenditures - recreation and culture	<u>6,283,471</u>	<u>6,430,434</u>	<u>5,820,242</u>	<u>610,192</u>	<u>5,643,662</u>
 Excess (deficiency) of revenues over expenditures	(335,001)	(481,964)	972,882	1,454,846	891,251
 Other financing uses:					
Transfer to Building Authority Bond Debt Fund:					
Series 2001 Warren Community Center bonds	(601,000)	(601,000)	(252,104)	348,896	(587,463)
Series 2005 W.C.C. refunding bonds	-	-	(299,016)	(299,016)	-
Series 2002 Multiple Purpose bonds	(25,000)	(25,000)	(24,217)	783	(25,011)
Series 2005 Multiple Purpose bonds	(45,000)	(45,000)	(27,592)	17,408	-
Total other financing uses	<u>(671,000)</u>	<u>(671,000)</u>	<u>(602,929)</u>	<u>68,071</u>	<u>(612,474)</u>
 Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(1,006,001)	(1,152,964)	369,953	1,522,917	278,777
 Fund balance - beginning of year	<u>2,879,738</u>	<u>2,879,738</u>	<u>2,879,738</u>	<u>-</u>	<u>2,600,961</u>
 Fund balance - end of year	<u>\$ 1,873,737</u>	<u>\$ 1,726,774</u>	<u>\$ 3,249,691</u>	<u>\$ 1,522,917</u>	<u>\$ 2,879,738</u>

EXHIBIT C-8

CITY OF WARREN, MICHIGAN
BUDGETARY COMPARISON SCHEDULE

LIBRARY

Year Ended June 30, 2006

With Comparative Actual Totals for Year Ended June 30, 2005

	2006				2005 Actual
	Original Budget	Amended Budget	Actual	Variance	
Revenues:					
Property Taxes:					
Real and personal property	\$ 2,056,406	\$ 2,056,406	\$ 2,057,614	\$ 1,208	\$ 2,031,195
Industrial facilities	35,337	35,337	38,941	3,604	36,981
	<u>2,091,743</u>	<u>2,091,743</u>	<u>2,096,555</u>	<u>4,812</u>	<u>2,068,176</u>
Intergovernmental:					
State:					
State aid	120,000	120,000	99,860	(20,140)	120,430
Penal fines	145,000	145,000	185,689	40,689	203,249
Renaissance Zone reimbursement	36,000	36,000	49,353	13,353	48,536
Personal property business inventory tax	74,795	74,795	74,795	-	74,795
	<u>375,795</u>	<u>375,795</u>	<u>409,697</u>	<u>33,902</u>	<u>447,010</u>
Fines and fees:					
Over the counter fines	35,000	35,000	34,255	(745)	34,316
Copy machine fees	5,000	5,000	7,410	2,410	6,764
Lost book fees	4,000	4,000	5,736	1,736	4,290
Video cassette user fees	9,500	9,500	8,671	(829)	9,268
CD ROM rentals	2,000	2,000	1,221	(779)	1,534
	<u>55,500</u>	<u>55,500</u>	<u>57,293</u>	<u>1,793</u>	<u>56,172</u>
Other:					
Sale of equipment	-	-	315,440	315,440	1,604
Donations	-	1,900	2,034	134	9,861
Miscellaneous	-	-	105	105	13
	<u>-</u>	<u>1,900</u>	<u>317,579</u>	<u>315,679</u>	<u>11,478</u>
Interest on investments	7,000	7,000	29,731	22,731	9,754
	<u>7,000</u>	<u>7,000</u>	<u>29,731</u>	<u>22,731</u>	<u>9,754</u>
Total revenues	<u>2,530,038</u>	<u>2,531,938</u>	<u>2,910,855</u>	<u>378,917</u>	<u>2,592,590</u>

(continued)

See accompanying notes to financial statements

CITY OF WARREN, MICHIGAN
BUDGETARY COMPARISON SCHEDULE

LIBRARY

Year Ended June 30, 2006

With Comparative Actual Totals for Year Ended June 30, 2005

	2006				2005 Actual
	Original Budget	Amended Budget	Actual	Variance	
Expenditures - recreation and culture:					
Personal services					
Appointed official	\$ 86,516	\$ 86,516	\$ 86,504	\$ 12	\$ 86,149
Permanent employees	847,516	847,516	824,187	23,329	824,645
Permanent employees - pages	190,000	190,000	175,212	14,788	185,125
Overtime	12,000	12,000	11,866	134	12,475
Shift premium	8,500	8,500	7,724	776	7,505
Employee benefits:					
Social security	91,209	92,586	87,993	4,593	87,095
Employee insurances	150,709	151,689	159,065	(7,376)	133,284
Retiree health insurance	227,756	227,756	225,219	2,537	220,017
Longevity	27,784	27,784	24,143	3,641	23,042
Retirement fund	323,364	323,364	300,473	22,891	287,526
Cost of living	3,454	3,454	2,339	1,115	1,946
Uniforms	190	190	190	-	190
Uniform / cleaning allowance	-	18,000	18,000	-	-
Employee legal services	-	-	845	(845)	-
Auto allowance	3,600	3,600	3,600	-	-
Office supplies	25,000	25,000	27,400	(2,400)	21,634
Other services and charges					
Copy machine expense	11,000	11,000	8,098	2,902	6,002
Contractual services	52,800	52,800	51,261	1,539	68,462
Cooperative services	140,000	140,000	131,888	8,112	128,174
Library cooperative indirect a/c	60,000	60,000	49,930	10,070	60,113
Postage	7,000	7,000	2,673	4,327	4,167
Video cassettes and tapes	10,000	10,000	9,993	7	9,998
Library circulation material	15,500	16,450	14,874	1,576	14,823
CD ROM Multi-media programs	1,600	1,600	1,045	555	1,131
Periodicals	16,000	16,000	15,959	41	15,357
Telephone and rad/c	12,500	12,500	11,393	1,107	12,274
Mileage	1,600	2,100	1,572	528	1,262
Auto expense	1,500	1,500	1,168	332	880
Conferences and workshop	500	500	425	75	210
Book binding	400	400	35	365	-
Insurance and bonds	24,600	24,600	24,600	-	23,900
Public utilities	120,670	150,670	146,905	3,765	105,991
Building maintenance	24,200	24,200	10,782	13,418	15,939
Administrative expense	43,100	43,100	43,100	-	41,800
Library commission dues and expense	500	500	176	324	314
Refund taxes paid under protes	5,000	5,000	1,910	3,090	6,065
Estimated uncollectible taxes	2,000	2,000	3,983	(1,983)	2,000
Liability transfer:					
Accumulated sick leave	5,000	5,000	-	5,000	-
Accumulated compensatory time	2,000	2,000	-	2,000	-
Capital outlay:					
Office equipment	6,500	6,500	6,308	192	2,395
Library books	90,000	90,950	89,431	1,519	92,687
Total expenditures - recreation and culture	<u>2,651,568</u>	<u>2,704,325</u>	<u>2,582,269</u>	<u>122,056</u>	<u>2,504,577</u>
Excess (deficiency) of revenues over expenditure	<u>(121,530)</u>	<u>(172,387)</u>	<u>328,586</u>	<u>500,973</u>	<u>88,013</u>
Other financing sources (uses)					
Transfer to Building Authority Bond Debt Funds					
Warren Community Center bonds, Series 2001	(144,000)	(144,000)	(60,404)	83,596	(142,000)
W.C.C. refunding bonds, Series 2005	-	-	(71,645)	(71,645)	-
Total other financing sources	<u>(144,000)</u>	<u>(144,000)</u>	<u>(132,049)</u>	<u>11,951</u>	<u>(142,000)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>(265,530)</u>	<u>(316,387)</u>	<u>196,537</u>	<u>512,924</u>	<u>(53,987)</u>
Fund balance - beginning of year	<u>684,770</u>	<u>684,770</u>	<u>684,770</u>	<u>-</u>	<u>738,757</u>
Fund balance - end of year	<u>\$ 419,240</u>	<u>\$ 368,383</u>	<u>\$ 881,307</u>	<u>\$ 512,924</u>	<u>\$ 684,770</u>

EXHIBIT C-9

CITY OF WARREN, MICHIGAN
BUDGETARY COMPARISON SCHEDULE

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

For Period of October 1, 1982 through June 30, 2006

With Comparative Accumulative Actual Totals for the Year Ended June 30, 2005

	Accumulative Totals for Program Years 1982-83 thru 1997-99 and Program Years 2000-01 thru 2001-02			Accumulative Totals Through June 2005
	Budget	Actual	Variance	
Revenues:				
Intergovernmental:				
Federal grant	\$ 22,729,764	\$ 22,729,764	\$ -	\$ 22,729,764
Miscellaneous:				
Program income	2,766,588	4,213,662	1,447,074	4,213,662
Reimbursement from HOME	-	45,218	45,218	45,218
Transfer from CDBG Rental Rehabilitation Program	-	15,309	15,309	15,309
Total revenues	<u>25,496,352</u>	<u>27,003,953</u>	<u>1,507,601</u>	<u>27,003,953</u>
Expenditures - community development				
Residential rehabilitation costs	9,668,273	10,988,049	(1,319,776)	10,988,049
Residential rehabilitation development cost:	650,000	822,516	(172,516)	822,516
Commercial rehabilitation costs	54,135	54,135	-	54,135
Capital improvements - recreation	1,578,904	1,578,904	-	1,578,904
Capital projects - senior activity center	272,827	272,827	-	272,827
Contractual services - feasibility study	6,291	6,291	-	6,291
Contractual services - W.O.R.D.	14,840	14,840	-	14,840
Contractual services - chores service	366,766	366,766	-	366,766
Contractual services - day care center	12,500	12,500	-	12,500
Public improvements - fire stations	663,999	663,999	-	663,999
Public works projects	583,271	583,271	-	583,271
Street program	2,444,732	2,444,732	-	2,444,732
Bunert school	84,093	84,093	-	84,093
Relocation reimbursements	10,257	10,257	-	10,257
Sidewalk replacement	169,683	169,683	-	169,683
Rodent control	30,159	30,159	-	30,159
Abandoned buildings	409,299	409,299	-	409,299
U. F. F. I. testing	60,000	60,000	-	60,000
Youth interim program	6,880	6,880	-	6,880
I-696 equity line item	119	119	-	119
Smoke detector program	24,484	24,484	-	24,484
Tree planting program	283,788	283,788	-	283,788
Code enforcement	677,950	677,950	-	677,950
Community police unit	2,279,800	2,279,800	-	2,279,800
Planning studies	107,000	107,000	-	107,000
Handicapped project	197,452	197,452	-	197,452
Shelter for the homeless	40,000	40,000	-	40,000
Administrative costs	3,556,388	3,574,483	(18,095)	3,574,483
Contingency and local options	-	-	-	-
Public alley improvements	144,979	144,979	-	144,979
Parking lot improvements	176,285	176,285	-	176,285
Rental rehabilitation	55,682	70,991	(15,309)	70,991
Home ownership assistance	51,925	51,925	-	51,925
Barrier removal	73,793	73,793	-	73,793
Sewer replacement	231,527	231,527	-	231,527
Property disposition	2,592	2,592	-	2,592
Rental ordinance enforcement	285,000	285,000	-	285,000
Housing support services	69,230	69,230	-	69,230
Fire department rescue squad	120,000	120,000	-	120,000
Homeless prevention	28,577	28,577	-	28,577
Beautification	2,872	2,872	-	2,872
Arsenal Acres clearance	-	-	-	-
Child advocacy	-	-	-	-
Reimbursement from MSHDA	-	(18,095)	18,095	(18,095)
Total expenditures - community development	<u>25,496,352</u>	<u>27,003,953</u>	<u>(1,507,601)</u>	<u>27,003,953</u>
Excess (deficiency) of revenues over expenditure:	\$ -	\$ -	\$ -	\$ -

See accompanying notes to financial statements.

Accumulative Totals for Program Years 1999-2000			Accumulative Totals Through June 2005	Accumulative Totals for Program Years 2002-2003			Accumulative Totals Through June 2005
Budget	Actual	Variance		Budget	Actual	Variance	
\$ 1,049,326	\$ 1,033,586	\$ (15,740)	\$ 1,033,586	\$ 1,560,872	\$ 1,560,872	\$ -	\$ 1,560,872
400,000	530,887	130,887	530,887	400,000	673,531	273,531	673,531
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,449,326	1,564,473	115,147	1,564,473	1,960,872	2,234,403	273,531	2,234,403
400,000	530,887	(130,887)	530,887	269,999	543,530	(273,531)	543,530
-	-	-	-	160,000	160,000	-	160,000
-	-	-	-	-	-	-	-
-	-	-	-	157,008	157,008	-	157,008
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
26,000	26,000	-	26,000	29,626	29,626	-	29,626
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
396,868	396,868	-	396,868	545,636	545,636	-	545,636
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
40,000	40,000	-	40,000	25,000	25,000	-	25,000
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
44,590	44,590	-	44,590	-	-	-	-
75,418	75,418	-	75,418	74,904	74,904	-	74,904
144,550	144,550	-	144,550	-	-	-	-
50,000	34,260	15,740	34,260	-	-	-	-
-	-	-	-	381,151	381,151	-	381,151
-	-	-	-	20,000	20,000	-	20,000
177,400	177,400	-	177,400	225,800	225,800	-	225,800
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
40,000	40,000	-	40,000	40,000	40,000	-	40,000
10,500	10,500	-	10,500	7,750	7,750	-	7,750
-	-	-	-	-	-	-	-
-	-	-	-	23,998	23,998	-	23,998
44,000	44,000	-	44,000	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,449,326	1,564,473	(115,147)	1,564,473	1,960,872	2,234,403	(273,531)	2,234,403
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

EXHIBIT C-9 (continued)

CITY OF WARREN, MICHIGAN
BUDGETARY COMPARISON SCHEDULE

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

For Period of October 1, 1982 through June 30, 2006
With Comparative Accumulative Actual Totals for the Year Ended June 30, 2005

	Accumulative Totals for Program Years 2003-2004			Accumulative Totals Through June 2005
	Budget	Actual	Variance	
Revenues:				
Intergovernmental:				
Federal grant	\$ 1,162,780	\$ 823,253	\$ (339,527)	\$ 762,693
Miscellaneous:				
Program income	400,000	581,527	181,527	581,527
Reimbursement from HOME	-	-	-	-
Transfer from CDBG Rental Rehabilitation Program	-	-	-	-
Total revenues	<u>1,562,780</u>	<u>1,404,780</u>	<u>(158,000)</u>	<u>1,344,220</u>
Expenditures - community development				
Residential rehabilitation costs	845,000	722,169	122,831	680,609
Residential rehabilitation development cost	170,000	170,000	-	170,000
Commercial rehabilitation costs	-	-	-	-
Capital improvements - recreation	-	-	-	-
Capital projects - senior activity center	-	-	-	-
Contractual services - feasibility study	-	-	-	-
Contractual services - W.O.R.D.	-	-	-	-
Contractual services - chores service	29,103	29,103	-	29,103
Contractual services - day care center	-	-	-	-
Public improvements - fire stations	-	-	-	-
Public works projects	-	-	-	-
Street program	-	-	-	-
Bunert school	-	-	-	-
Relocation reimbursements	-	-	-	-
Sidewalk replacement	-	-	-	-
Rodent control	-	-	-	-
Abandoned buildings	39,500	24,840	14,660	10,504
U. F. F. I. testing	-	-	-	-
Youth interim program	-	-	-	-
I-696 equity line item	-	-	-	-
Smoke detector program	-	-	-	-
Tree planting program	-	-	-	-
Code enforcement	87,000	66,491	20,509	61,827
Community police unit	-	-	-	-
Planning studies	-	-	-	-
Handicapped project	-	-	-	-
Shelter for the homeless	20,314	20,314	-	20,314
Administrative costs	218,000	218,000	-	218,000
Contingency and local options	-	-	-	-
Public alley improvements	-	-	-	-
Parking lot improvements	-	-	-	-
Rental rehabilitation	-	-	-	-
Home ownership assistance	-	-	-	-
Barrier removal	-	-	-	-
Sewer replacement	-	-	-	-
Property disposition	-	-	-	-
Rental ordinance enforcement	40,000	40,000	-	40,000
Housing support services	10,500	10,500	-	10,500
Fire department rescue squad	103,363	103,363	-	103,363
Homeless prevention	-	-	-	-
Beautification	-	-	-	-
Arsenal Acres clearance	-	-	-	-
Child advocacy	-	-	-	-
Reimbursement from MSHDA	-	-	-	-
Total expenditures - community development	<u>1,562,780</u>	<u>1,404,780</u>	<u>158,000</u>	<u>1,344,220</u>
Excess (deficiency) of revenues over expenditure:	\$ -	\$ -	\$ -	\$ -

Accumulative Totals for Program Years 2004-2005			Accumulative Totals Through June 2005	Accumulative Totals for Program Years 2005-2006			Accumulative Totals Through June 2005
Budget	Actual	Variance		Budget	Actual	Variance	
\$ 1,078,212	\$ 963,839	\$ (114,373)	\$ 849,023	\$ 1,326,138	\$ 830,636	\$ (495,502)	\$ -
600,000	414,599	(185,401)	414,599	400,000	468,017	68,017	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,678,212	1,378,438	(299,774)	1,263,622	1,726,138	1,298,653	(427,485)	-
601,000	414,599	186,401	397,001	463,468	366,537	96,931	-
100,000	100,000	-	49,275	150,000	105,633	44,367	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
35,000	30,270	4,730	10,965	35,000	4,593	30,407	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
366,000	358,939	7,061	358,939	329,012	285,691	43,321	-
-	-	-	-	-	-	-	-
-	-	-	-	250,000	161,218	88,782	-
20,000	-	20,000	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
90,500	65,506	24,994	26,981	100,719	46,461	54,258	-
-	-	-	-	-	-	-	-
121,063	121,063	-	121,063	-	-	-	-
22,500	22,500	-	17,344	22,500	15,190	7,310	-
210,600	195,600	15,000	136,625	277,867	243,342	34,525	-
33,549	-	33,549	-	20,572	-	20,572	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
40,000	40,000	-	40,000	40,000	40,000	-	-
13,000	13,000	-	2,600	14,000	2,900	11,100	-
-	-	-	-	-	-	-	-
25,000	16,961	8,039	7,500	18,000	4,250	13,750	-
-	-	-	-	-	-	-	-
-	-	-	-	5,000	5,000	-	-
-	-	-	-	-	-	-	-
1,678,212	1,378,438	299,774	1,168,293	1,726,138	1,280,815	445,323	-
\$ -	\$ -	\$ -	\$ 95,329	\$ -	\$ 17,838	\$ 17,838	\$ -

EXHIBIT C-9 (continued)

CITY OF WARREN, MICHIGAN
BUDGETARY COMPARISON SCHEDULE

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

For Period of October 1, 1982 through June 30, 2006
With Comparative Accumulative Actual Totals for the Year Ended June 30, 2005

	Accumulative Totals for Combined Program Years			Accumulative Totals Through June 2005
	Budget	Actual	Variance	
Revenues:				
Intergovernmental:				
Federal grant	\$ 28,907,092	\$ 27,941,950	\$ (965,142)	\$ 26,935,938
Miscellaneous:				
Program income	4,966,588	6,882,223	1,915,635	6,414,206
Reimbursement from HOME	-	45,218	45,218	45,218
Transfer from CDBG Rental Rehabilitation Program	-	15,309	15,309	15,309
Total revenues	<u>33,873,680</u>	<u>34,884,700</u>	<u>1,011,020</u>	<u>33,410,671</u>
Expenditures - community development				
Residential rehabilitation costs	12,247,740	13,565,771	(1,318,031)	13,140,076
Residential rehabilitation development cost:	1,230,000	1,358,149	(128,149)	1,201,791
Commercial rehabilitation costs	54,135	54,135	-	54,135
Capital improvements - recreation	1,735,912	1,735,912	-	1,735,912
Capital projects - senior activity center	272,827	272,827	-	272,827
Contractual services - feasibility study	6,291	6,291	-	6,291
Contractual services - W.O.R.D.	14,840	14,840	-	14,840
Contractual services - chores service	521,495	486,358	35,137	462,460
Contractual services - day care center	12,500	12,500	-	12,500
Public improvements - fire stations	663,999	663,999	-	663,999
Public works projects	583,271	583,271	-	583,271
Street program	4,082,248	4,031,866	50,382	3,746,175
Bunert school	84,093	84,093	-	84,093
Relocation reimbursements	10,257	10,257	-	10,257
Sidewalk replacement	419,683	330,901	88,782	169,683
Rodent control	30,159	30,159	-	30,159
Abandoned buildings	533,799	499,139	34,660	484,803
U. F. F. I. testing	60,000	60,000	-	60,000
Youth interim program	6,880	6,880	-	6,880
I-696 equity line item	119	119	-	119
Smoke detector program	24,484	24,484	-	24,484
Tree planting program	328,378	328,378	-	328,378
Code enforcement	1,106,491	1,006,730	99,761	917,080
Community police unit	2,424,350	2,424,350	-	2,424,350
Planning studies	157,000	141,260	15,740	141,260
Handicapped project	699,666	699,666	-	699,666
Shelter for the homeless	125,314	118,004	7,310	97,658
Administrative costs	4,666,055	4,634,625	31,430	4,332,308
Contingency and local options	54,121	-	54,121	-
Public alley improvements	144,979	144,979	-	144,979
Parking lot improvements	176,285	176,285	-	176,285
Rental rehabilitation	55,682	70,991	(15,309)	70,991
Home ownership assistance	51,925	51,925	-	51,925
Barrier removal	73,793	73,793	-	73,793
Sewer replacement	231,527	231,527	-	231,527
Property disposition	2,592	2,592	-	2,592
Rental ordinance enforcement	485,000	485,000	-	445,000
Housing support services	124,980	113,880	11,100	100,580
Fire department rescue squad	223,363	223,363	-	223,363
Homeless prevention	95,575	73,786	21,789	60,075
Beautification	2,872	2,872	-	2,872
Arsenal Acres clearance	44,000	44,000	-	44,000
Child advocacy	5,000	5,000	-	-
Reimbursement from MSHDA	-	(18,095)	18,095	(18,095)
Total expenditures - community development	<u>33,873,680</u>	<u>34,866,862</u>	<u>(993,182)</u>	<u>33,315,342</u>
Excess (deficiency) of revenues over expenditures	\$ -	\$ 17,838	\$ 17,838	\$ 95,329

Fund balance - beginning of the year

Fund balance - end of the year

EXHIBIT C-9 (continued)

Eliminations Reported as of June 30, 2005			Accumulative Totals Through June 2004	Current Fiscal Year Activity			Prior Fiscal Year Activity
Budget	Actual	Variance		Budget	Actual	Variance	
\$ 27,917,756	\$ 26,935,938	\$ (981,818)	\$ 25,315,049	\$ 989,336	\$ 1,006,012	\$ 16,676	\$ 1,620,889
4,566,588	6,414,206	1,847,618	5,999,607	400,000	468,017	68,017	414,599
-	45,218	45,218	45,218	-	-	-	-
-	15,309	15,309	15,309	-	-	-	-
32,484,344	33,410,671	926,327	31,375,183	1,389,336	1,474,029	84,693	2,035,488
11,784,272	13,140,076	(1,355,804)	12,398,635	463,468	425,695	37,773	741,441
1,080,000	1,201,791	(121,791)	1,041,552	150,000	156,358	(6,358)	160,239
54,135	54,135	-	54,135	-	-	-	-
1,744,177	1,735,912	8,265	1,714,925	(8,265)	-	(8,265)	20,987
272,827	272,827	-	272,827	-	-	-	-
6,291	6,291	-	6,291	-	-	-	-
14,840	14,840	-	14,840	-	-	-	-
492,392	462,460	29,932	427,488	29,103	23,898	5,205	34,972
12,500	12,500	-	12,500	-	-	-	-
663,999	663,999	-	663,999	-	-	-	-
583,271	583,271	-	583,271	-	-	-	-
3,933,236	3,746,175	187,061	3,321,646	149,012	285,691	(136,679)	424,529
84,093	84,093	-	84,093	-	-	-	-
10,257	10,257	-	10,257	-	-	-	-
169,683	169,683	-	169,683	250,000	161,218	88,782	-
30,159	30,159	-	30,159	-	-	-	-
533,799	484,803	48,996	482,881	-	14,336	(14,336)	1,922
60,000	60,000	-	60,000	-	-	-	-
6,880	6,880	-	6,880	-	-	-	-
119	119	-	119	-	-	-	-
24,484	24,484	-	24,484	-	-	-	-
328,378	328,378	-	328,378	-	-	-	-
1,005,772	917,080	88,692	874,926	100,719	89,650	11,069	42,154
2,424,350	2,424,350	-	2,424,350	-	-	-	-
157,000	141,260	15,740	141,260	-	-	-	-
838,603	699,666	138,937	570,594	(138,937)	-	(138,937)	129,072
105,000	97,658	7,342	73,837	20,314	20,346	(32)	23,821
4,388,188	4,332,308	55,880	4,079,079	277,867	302,317	(24,450)	253,229
35,066	-	35,066	-	19,055	-	19,055	-
144,979	144,979	-	144,979	-	-	-	-
176,285	176,285	-	176,285	-	-	-	-
55,682	70,991	(15,309)	70,991	-	-	-	-
51,925	51,925	-	51,925	-	-	-	-
73,793	73,793	-	73,793	-	-	-	-
231,527	231,527	-	231,527	-	-	-	-
2,592	2,592	-	2,592	-	-	-	-
445,000	445,000	-	405,000	40,000	40,000	-	40,000
110,980	100,580	10,400	87,480	14,000	13,300	700	13,100
223,363	223,363	-	120,000	-	-	-	103,363
77,575	60,075	17,500	52,575	18,000	13,711	4,289	7,500
2,872	2,872	-	2,872	-	-	-	-
44,000	44,000	-	44,000	-	-	-	-
-	-	-	-	5,000	5,000	-	-
-	(18,095)	18,095	(18,095)	-	-	-	-
32,484,344	33,315,342	(830,998)	31,319,013	1,389,336	1,551,520	(162,184)	1,996,329
\$ -	\$ 95,329	\$ 95,329	\$ 56,170	-	(77,491)	(77,491)	39,159
				95,329	95,329	-	56,170
				\$ 95,329	\$ 17,838	\$ (77,491)	\$ 95,329

EXHIBIT C-10

CITY OF WARREN, MICHIGAN
BUDGETARY COMPARISON SCHEDULE

HOME INVESTMENT PARTNERSHIP

For Period of July 1, 1994 through June 30, 2006

With Comparative Accumulative Actual Totals for Year Ended June 30, 2005

	Accumulative Totals for Program Year 1994-95 thru 1997-98			Accumulative Totals Through June 2005
	Budget	Actual	Variance	
Revenues:				
Intergovernmental:				
Federal grant	\$ 1,602,427	\$ 1,602,427	\$ -	\$ 1,602,427
Miscellaneous:				
Program income	250,000	185,639	(64,361)	185,639
Rental match	54,595	42,012	(12,583)	42,012
Community processing fee	1,800	2,581	781	2,581
Miscellaneous	-	140	140	140
Local match	<u>375,525</u>	<u>210,061</u>	<u>(165,464)</u>	<u>210,061</u>
Total revenues	<u>2,284,347</u>	<u>2,042,860</u>	<u>(241,487)</u>	<u>2,042,860</u>
Expenditures - community development:				
Acquisition / new construction	1,198,268	1,137,421	60,847	1,137,421
Rental rehabilitation	257,171	244,588	12,583	244,588
Single family acquisition rehabilitation	507,858	401,936	105,922	401,936
Direct home buyer assistance	86,850	79,578	7,272	79,578
Program administration	189,200	170,621	18,579	170,621
Contingencies	45,000	-	45,000	-
Eligible activities applied towards match	<u>-</u>	<u>8,716</u>	<u>(8,716)</u>	<u>8,716</u>
Total expenditures - community development	<u>2,284,347</u>	<u>2,042,860</u>	<u>241,487</u>	<u>2,042,860</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.

Accumulative Totals for Program Year 1998-99			Accumulative Totals Through June 2005	Accumulative Totals for Program Year 1999-2000			Accumulative Totals Through June 2005
Budget	Actual	Variance		Budget	Actual	Variance	
\$ 398,821	\$ 398,821	\$ -	\$ 398,821	\$ 427,000	\$ 427,000	\$ -	\$ 427,000
210,000	221,894	11,894	221,894	240,000	199,983	(40,017)	199,983
-	29,192	29,192	29,192	-	10,645	10,645	10,645
-	300	300	300	-	600	600	600
-	-	-	-	-	-	-	-
<u>125,000</u>	<u>150,000</u>	<u>25,000</u>	<u>150,000</u>	<u>98,550</u>	<u>145,136</u>	<u>46,586</u>	<u>145,136</u>
<u>733,821</u>	<u>800,207</u>	<u>66,386</u>	<u>800,207</u>	<u>765,550</u>	<u>783,364</u>	<u>17,814</u>	<u>783,364</u>
470,750	572,386	(101,636)	572,386	523,750	534,591	(10,841)	534,591
-	29,192	(29,192)	29,192	-	10,645	(10,645)	10,645
213,471	157,728	55,743	157,728	185,550	174,540	11,010	174,540
-	-	-	-	550	125	425	125
49,600	40,901	8,699	40,881	55,700	63,050	(7,350)	62,963
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>733,821</u>	<u>800,207</u>	<u>(66,386)</u>	<u>800,187</u>	<u>765,550</u>	<u>782,951</u>	<u>(17,401)</u>	<u>782,864</u>
\$ -	\$ -	\$ -	\$ 20	\$ -	\$ 413	\$ 413	\$ 500

EXHIBIT C-10 (continued)

CITY OF WARREN, MICHIGAN
BUDGETARY COMPARISON SCHEDULE
HOME INVESTMENT PARTNERSHIP

For Period of July 1, 1994 through June 30, 2006
With Comparative Accumulative Actual Totals for Year Ended June 30, 2005

	Accumulative Totals for Program Year 2000-01			Accumulative Totals Through June 2005
	Budget	Actual	Variance	
Revenues:				
Intergovernmental:				
Federal grant	\$ 403,548	\$ 334,642	\$ (68,906)	\$ 255,173
Miscellaneous:				
Program income	460,000	395,558	(64,442)	395,558
Rental match	-	11,865	11,865	11,865
Community processing fee	-	-	-	-
Miscellaneous	-	-	-	-
Local match	98,550	98,000	(550)	98,000
Total revenues	<u>962,098</u>	<u>840,065</u>	<u>(122,033)</u>	<u>760,596</u>
Expenditures - community development:				
Acquisition / new construction	701,255	606,373	94,882	526,904
Rental rehabilitation	-	11,865	(11,865)	11,865
Single family acquisition rehabilitation	176,593	144,250	32,343	144,250
Direct home buyer assistance	550	-	550	-
Program administration	83,700	77,577	6,123	77,577
Contingencies	-	-	-	-
Eligible activities applied towards match	-	-	-	-
Total expenditures - community development	<u>962,098</u>	<u>840,065</u>	<u>122,033</u>	<u>760,596</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

EXHIBIT C-10 (continued)

Accumulative Totals for Program Year 2001-02			Accumulative Totals Through June 2005	Accumulative Totals for Program Year 2002-03			Accumulative Totals Through June 2005
Budget	Actual	Variance		Budget	Actual	Variance	
\$ 386,400	\$ 164,348	\$ (222,052)	\$ 164,348	\$ 703,805	\$ 293,020	\$ (410,785)	\$ 293,020
580,000	153,353	(426,647)	153,353	720,000	829,461	109,461	829,461
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
110,000	111,186	1,186	111,186	109,125	146,015	36,890	146,015
1,076,400	428,887	(647,513)	428,887	1,532,930	1,268,496	(264,434)	1,268,496
690,000	170,470	519,530	128,169	1,042,430	717,193	325,237	717,193
-	-	-	-	-	-	-	-
296,200	164,649	131,551	164,649	247,000	169,539	77,461	169,539
-	125	(125)	125	135,000	135,925	(925)	135,925
90,200	56,515	33,685	56,515	108,500	136,714	(28,214)	136,714
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,076,400	391,759	684,641	349,458	1,532,930	1,159,371	373,559	1,159,371
\$ -	\$ 37,128	\$ 37,128	\$ 79,429	\$ -	\$ 109,125	\$ 109,125	\$ 109,125

EXHIBIT C-10 (continued)

CITY OF WARREN, MICHIGAN
BUDGETARY COMPARISON SCHEDULE
HOME INVESTMENT PARTNERSHIP

For Period of July 1, 1994 through June 30, 2006
With Comparative Accumulative Actual Totals for Year Ended June 30, 2005

	Accumulative Totals for Program Year 2003-04			Accumulative Totals Through June 2005
	Budget	Actual	Variance	
Revenues:				
Intergovernmental:				
Federal grant	\$ 425,642	\$ 226,275	\$ (199,367)	\$ 195,016
Miscellaneous:				
Program income	600,000	646,889	46,889	646,889
Rental match	-	-	-	-
Community processing fee	-	-	-	-
Miscellaneous	-	-	-	-
Local match	90,000	123,210	33,210	123,210
Total revenues	<u>1,115,642</u>	<u>996,374</u>	<u>(119,268)</u>	<u>965,115</u>
Expenditures - community development:				
Acquisition / new construction	744,231	562,022	182,209	562,022
Rental rehabilitation	-	-	-	-
Single family acquisition rehabilitation	168,847	140,259	28,588	70,000
Direct home buyer assistance	100,000	100,000	-	100,000
Program administration	102,564	42,564	60,000	42,564
Contingencies	-	-	-	-
Eligible activities applied towards match	-	-	-	-
Total expenditures - community development	<u>1,115,642</u>	<u>844,845</u>	<u>270,797</u>	<u>774,586</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	<u>\$ 151,529</u>	<u>\$ 151,529</u>	<u>\$ 190,529</u>

EXHIBIT C-10 (continued)

Accumulative Totals for Program Year 2004-05			Accumulative Totals Through June 2005	Accumulative Totals for Program Year 2005-06			Accumulative Totals Through June 2005
Budget	Actual	Variance		Budget	Actual	Variance	
\$ 424,177	\$ 95,322	\$ (328,855)	\$ 104,082	\$ 406,985	\$ 158,321	\$ (248,664)	\$ -
700,000	74,311	(625,689)	74,311	600,000	390,992	(209,008)	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
60,000	134,594	74,594	134,594	45,000	79,000	34,000	-
1,184,177	304,227	(879,950)	312,987	1,051,985	628,313	(423,672)	-
818,133	58,000	760,133	38,000	730,238	34,000	696,238	-
-	-	-	-	-	-	-	-
153,627	-	153,627	-	161,049	-	161,049	-
100,000	68,000	32,000	36,000	60,000	-	60,000	-
112,417	103,163	9,254	63,353	100,698	34,940	65,758	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,184,177	229,163	955,014	137,353	1,051,985	68,940	983,045	-
\$ -	\$ 75,064	\$ 75,064	\$ 175,634	\$ -	\$ 559,373	\$ 559,373	\$ -

EXHIBIT C-10 (continued)

CITY OF WARREN, MICHIGAN
BUDGETARY COMPARISON SCHEDULE
HOME INVESTMENT PARTNERSHIP

For Period of July 1, 1994 through June 30, 2006
With Comparative Accumulative Actual Totals for Year Ended June 30, 2005

	Accumulative Totals for Combined Program Years			Accumulative Totals Through June 2005
	Budget	Actual	Variance	
Revenues:				
Intergovernmental:				
Federal grant	\$ 5,178,805	\$ 3,700,176	\$ (1,478,629)	\$ 3,439,887
Miscellaneous:				
Program income	4,360,000	3,098,080	(1,261,920)	2,707,088
Rental match	54,595	93,714	39,119	93,714
Community processing fee	1,800	3,481	1,681	3,481
Miscellaneous	-	140	140	140
Local match	<u>1,111,750</u>	<u>1,197,202</u>	<u>85,452</u>	<u>1,118,202</u>
Total revenues	<u>10,706,950</u>	<u>8,092,793</u>	<u>(2,614,157)</u>	<u>7,362,512</u>
Expenditures - community development:				
Acquisition / new construction	6,919,055	4,392,456	2,526,599	4,216,686
Rental rehabilitation	257,171	296,290	(39,119)	296,290
Single family acquisition rehabilitation	2,110,195	1,352,901	757,294	1,282,642
Direct home buyer assistance	482,950	383,753	99,197	351,753
Program administration	892,579	726,045	166,534	651,188
Contingencies	45,000	-	45,000	-
Eligible activities applied towards match	<u>-</u>	<u>8,716</u>	<u>(8,716)</u>	<u>8,716</u>
Total expenditures - community development	<u>10,706,950</u>	<u>7,160,161</u>	<u>3,546,789</u>	<u>6,807,275</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	<u>\$ 932,632</u>	<u>\$ 932,632</u>	<u>\$ 555,237</u>
Fund balance - beginning of the year				
Fund balance - end of the year				

EXHIBIT C-10 (continued)

Eliminations Reported as of June 30, 2005			Accumulative Totals Through June 2004	Current Fiscal Year Activity			Prior Fiscal Year Activity
Budget	Actual	Variance		Budget	Actual	Variance	
\$ 4,771,820	\$ 3,439,887	\$ (1,331,933)	\$ 3,024,128	\$ 406,985	\$ 260,289	\$ (146,696)	\$ 415,759
3,760,000	2,707,088	(1,052,912)	2,632,777	600,000	390,992	(209,008)	74,311
54,595	93,714	39,119	93,714	-	-	-	-
1,800	3,481	1,681	3,481	-	-	-	-
-	140	140	140	-	-	-	-
1,066,750	1,118,202	51,452	950,398	45,000	79,000	34,000	167,804
9,654,965	7,362,512	(2,292,453)	6,704,638	1,051,985	730,281	(321,704)	657,874
6,167,617	4,216,686	1,950,931	3,371,758	751,438	175,770	575,668	844,928
257,171	296,290	(39,119)	296,290	-	-	-	-
1,970,346	1,282,642	687,704	1,159,345	139,849	70,259	69,590	123,297
422,950	351,753	71,197	275,753	60,000	32,000	28,000	76,000
791,881	651,188	140,693	533,394	100,698	74,857	25,841	117,794
45,000	-	45,000	-	-	-	-	-
-	8,716	(8,716)	8,716	-	-	-	-
9,654,965	6,807,275	2,847,690	5,645,256	1,051,985	352,886	699,099	1,162,019
\$ -	\$ 555,237	\$ 555,237	\$ 1,059,382	-	377,395	377,395	(504,145)
				555,237	555,237	-	1,059,382
				\$ 555,237	\$ 932,632	\$ 377,395	\$ 555,237

EXHIBIT C-11

CITY OF WARREN, MICHIGAN
BUDGETARY COMPARISON SCHEDULE

HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS

For Period of July 1, 2004 through June 30, 2006
With Comparative Accumulative Actual Totals for Year Ended June 30, 2005

	Accumulative Totals for Program Years 2004-2005			Accumulative Totals Through June 2005
	Budget	Actual	Variance	
Revenues:				
Intergovernmental:				
Federal grant	\$ 405,000	\$ 403,411	\$ (1,589)	\$ 174,871
Miscellaneous:				
Program income	-	-	-	-
Total revenues	<u>\$ 405,000</u>	<u>\$ 403,411</u>	<u>(1,589)</u>	<u>\$ 174,871</u>
Expenditures - community development:				
Emergency housing assistance	46,892	46,892	-	36,756
Housing advocacy assistance	114,697	114,697	-	81,660
Tenant based rental assistance	196,261	196,261	-	23,457
In-home non-medical care for medically fragile	35,000	33,411	1,589	26,432
Program administration	12,150	12,150	-	6,466
Contingencies	-	-	-	-
Total expenditures - community development	<u>405,000</u>	<u>403,411</u>	<u>1,589</u>	<u>174,771</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100</u>

See accompanying notes to financial statements.

Accumulative Totals for Program Years 2005-2006			Accumulative Totals Through June 2005	Accumulative Totals for Combined Program Years			Accumulative Totals Through June 2005
Budget	Actual	Variance		Budget	Actual	Variance	
\$ 392,000	\$ 206,589	\$ (185,411)	\$ -	\$ 797,000	\$ 610,000	\$ (187,000)	\$ 174,871
-	-	-	-	-	-	-	-
<u>\$ 392,000</u>	<u>\$ 206,589</u>	<u>(185,411)</u>	<u>\$ -</u>	<u>\$ 797,000</u>	<u>\$ 610,000</u>	<u>(187,000)</u>	<u>\$ 174,871</u>
69,500	41,303	28,197	-	116,392	88,195	28,197	36,756
95,500	47,726	47,774	-	210,197	162,423	47,774	81,660
170,000	88,397	81,603	-	366,261	284,658	81,603	23,457
40,000	19,598	20,402	-	75,000	53,009	21,991	26,432
11,760	9,465	2,295	-	23,910	21,615	2,295	6,466
5,240	-	5,240	-	5,240	-	5,240	-
<u>392,000</u>	<u>206,489</u>	<u>185,511</u>	<u>-</u>	<u>797,000</u>	<u>609,900</u>	<u>187,100</u>	<u>174,771</u>
<u>\$ -</u>	<u>\$ 100</u>	<u>\$ 100</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ 100</u>	<u>\$ 100</u>

EXHIBIT C-11

CITY OF WARREN, MICHIGAN
BUDGETARY COMPARISON SCHEDULE

HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS

For Period of July 1, 2004 through June 30, 2006
With Comparative Accumulative Actual Totals for Year Ended June 30, 2005

	Eliminations Reported as of June 30, 2005			Accumulative Totals Through June 2004
	Budget	Actual	Variance	
Revenues:				
Intergovernmental:				
Federal grant	\$ 405,000	\$ 174,871	\$ (230,129)	\$ -
Miscellaneous:				
Program income	-	-	-	-
Total revenues	<u>\$ 405,000</u>	<u>\$ 174,871</u>	<u>(230,129)</u>	<u>\$ -</u>
Expenditures - community development:				
Emergency housing assistance	40,000	36,756	3,244	-
Housing advocacy assistance	120,000	81,660	38,340	-
Tenant based rental assistance	196,261	23,457	172,804	-
In-home non-medical care for medically fragile	35,000	26,432	8,568	-
Program administration	12,150	6,466	5,684	-
Contingencies	1,589	-	1,589	-
Total expenditures - community development	<u>405,000</u>	<u>174,771</u>	<u>230,229</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ 100</u>	<u>\$ -</u>
Fund balance - beginning of year				
Fund balance - end of year				

Current Fiscal Year			Prior
Budget	Actual	Variance	Fiscal Year Activity
\$ 392,000	\$ 435,129	\$ 43,129	\$ 174,871
-	-	-	-
\$ 392,000	\$ 435,129	43,129	\$ 174,871
76,392	51,439	24,953	36,756
90,197	80,763	9,434	81,660
170,000	261,201	(91,201)	23,457
40,000	26,577	13,423	26,432
11,760	15,149	(3,389)	6,466
3,651	-	3,651	-
392,000	435,129	(43,129)	174,771
-	-	-	100
100	100	-	-
\$ 100	\$ 100	\$ -	\$ 100

EXHIBIT C-12

CITY OF WARREN, MICHIGAN
BUDGETARY COMPARISON SCHEDULE
TANK PLANT REDEVELOPMENT FUND

Year Ended June 30, 2006
With Comparative Actual Totals for Year Ended June 30, 2005

	2006				2005
	Original Budget	Amended Budget	Actual	Variance	Actual
Revenues:					
Interest on investments	\$ 30,000	\$ 30,000	\$ -	\$ (30,000)	\$ -
Total revenues	<u>30,000</u>	<u>30,000</u>	<u>-</u>	<u>(30,000)</u>	<u>-</u>
Other financing sources (uses):					
Transfers to:					
Sidewalk & tree revolving fund	<u>(2,061,267)</u>	<u>(2,061,267)</u>	<u>(2,061,267)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(2,061,267)</u>	<u>(2,061,267)</u>	<u>(2,061,267)</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(2,031,267)	(2,031,267)	(2,061,267)	(30,000)	-
Fund balance - beginning of year	<u>2,181,326</u>	<u>2,181,326</u>	<u>2,181,326</u>	<u>-</u>	<u>2,181,326</u>
Fund balance - end of year	<u>\$ 150,059</u>	<u>\$ 150,059</u>	<u>\$ 120,059</u>	<u>\$ (30,000)</u>	<u>\$ 2,181,326</u>

See accompanying notes to financial statements.

CITY OF WARREN, MICHIGAN
BUDGETARY COMPARISON SCHEDULE

COMMUNICATIONS

Year Ended June 30, 2006

With Comparative Actual Totals for Year Ended June 30, 2005

	2006				2005 Actual
	Original Budget	Amended Budget	Actual	Variance	
Revenues:					
Fines and fees:					
Franchise fees	\$ 1,110,000	\$ 1,110,000	\$ 1,206,596	\$ 96,596	\$ 1,151,761
Interest on investments	24,000	24,000	71,488	47,488	39,319
Miscellaneous	-	-	498	498	-
Total revenues	<u>1,134,000</u>	<u>1,134,000</u>	<u>1,278,582</u>	<u>144,582</u>	<u>1,191,080</u>
Expenditures - recreation and culture					
Personal services					
Permanent employees	320,541	320,541	327,114	(6,573)	307,468
Temporary employees	215,000	215,000	248,540	(33,540)	228,508
Overtime	10,000	10,000	1,137	8,863	2,670
Meeting allowance	2,100	2,100	-	2,100	105
Employee benefits:					
Social security	43,022	43,022	44,602	(1,580)	42,404
Employee insurances	40,495	40,495	42,638	(2,143)	35,140
Retiree health insurance	78,298	78,298	78,419	(121)	75,177
Longevity	4,700	4,700	4,699	1	3,786
Retirement fund	40,562	40,562	40,380	182	39,045
Cost of living	1,290	1,290	954	336	646
Auto allowance	3,600	3,600	3,600	-	3,600
Employee legal services	-	-	38	(38)	-
Office supplies	3,000	3,000	1,966	1,034	2,571
Operating supplies	18,000	18,000	12,692	5,308	11,547
Tapes	10,000	10,000	2,398	7,602	7,450
Other services and charges					
Contractual services	100,000	100,000	34,450	65,550	25,534
Software and contractual services	15,000	15,000	7,531	7,469	7,845
Postage	44,500	44,500	40,745	3,755	40,696
Unemployment costs	13,000	13,000	12,403	597	-
Telephone and radio	7,500	7,500	6,497	1,003	6,891
Mileage	250	250	9	241	58
Vehicle maintenance	8,000	8,000	1,655	6,345	3,187
Conferences and workshops	2,000	2,000	-	2,000	1,668
Community promotion	4,000	4,000	-	4,000	1,083
Sets and design	3,000	3,000	2,277	723	2,228
Web site	30,000	42,370	3,730	38,640	5,483
City calendar	37,500	37,500	26,900	10,600	31,098
Music library	5,000	5,000	3,366	1,634	2,985
City newsletter	50,000	50,000	43,520	6,480	44,192
Public utilities	90,000	130,000	131,432	(1,432)	90,748
Administrative costs	100,200	100,200	100,200	-	97,300
Memberships and dues	3,000	3,000	-	3,000	1,159
Accumulated sick leave	5,000	5,000	-	5,000	7,079
Capital outlay:					
Capital improvements	-	-	-	-	8,778
Office equipment	7,500	7,500	26,290	(18,790)	2,401
Cable TV equipment	<u>73,000</u>	<u>80,565</u>	<u>48,543</u>	<u>32,022</u>	<u>65,529</u>
Total expenditures - recreation and culture	<u>1,389,058</u>	<u>1,448,993</u>	<u>1,298,725</u>	<u>150,268</u>	<u>1,206,059</u>
Excess (deficiency) of revenues over expenditure	<u>(255,058)</u>	<u>(314,993)</u>	<u>(20,143)</u>	<u>294,850</u>	<u>(14,979)</u>
Other financing sources (uses)					
Transfer to Building Authority Bond Debt Fund					
Warren Community Center bonds, Series 2001	(185,000)	(185,000)	(77,603)	107,397	(183,000)
W.C.C. refunding bonds, Series 2005	-	-	(92,043)	(92,043)	-
Multiple purpose bonds, Series 2005	<u>(53,000)</u>	<u>(53,000)</u>	<u>(33,287)</u>	<u>19,713</u>	<u>-</u>
Total other financing sources (uses)	<u>(238,000)</u>	<u>(238,000)</u>	<u>(202,933)</u>	<u>35,067</u>	<u>(183,000)</u>
Excess (deficiency) of revenues and other sources over expenditures and other use	<u>(493,058)</u>	<u>(552,993)</u>	<u>(223,076)</u>	<u>329,917</u>	<u>(197,979)</u>
Fund balance - beginning of year	<u>2,192,337</u>	<u>2,192,337</u>	<u>2,192,337</u>	<u>-</u>	<u>2,390,316</u>
Fund balance - end of year	<u>\$ 1,699,279</u>	<u>\$ 1,639,344</u>	<u>\$ 1,969,261</u>	<u>\$ 329,917</u>	<u>\$ 2,192,337</u>

See accompanying notes to financial statements.

EXHIBIT C-14

CITY OF WARREN, MICHIGAN
BUDGETARY COMPARISON SCHEDULE

RENTAL ORDINANCE FUND

Year Ended June 30, 2006

With Comparative Actual Totals for Year Ended June 30, 2005

	2006				2005
	Original Budget	Amended Budget	Actual	Variance	Actual
Revenues:					
Charges for services:					
Community Development					
Block Grant reimbursement	\$ 40,000	\$ 40,000	\$ 40,000	\$ -	\$ 40,000
Fines and fees:					
Inspection fees	125,000	125,000	133,995	8,995	139,770
Interest on investments	800	800	2,577	1,777	1,586
Total revenues	<u>165,800</u>	<u>165,800</u>	<u>176,572</u>	<u>10,772</u>	<u>181,356</u>
Expenditures - city development:					
Personal services:					
Permanent employees	99,509	104,109	104,067	42	103,326
Overtime	1,500	1,500	687	813	506
Employee benefits:					
Social security	8,169	8,675	8,567	108	8,185
Employee insurances	20,471	20,729	22,339	(1,610)	18,757
Retiree health insurance	24,264	25,984	25,777	207	24,630
Longevity	3,969	3,969	2,926	1,043	2,905
Retirement fund	27,180	28,080	28,092	(12)	26,053
Cost of living	430	430	296	134	256
Uniform / cleaning allowance	-	4,000	4,000	-	-
Employee legal services	-	130	154	(24)	-
Office supplies	2,200	2,200	840	1,360	1,714
Other services and charges:					
Postage	3,000	3,000	2,399	601	2,520
Vehicle maintenance	500	800	463	337	487
Accumulated sick leave	1,000	1,000	-	1,000	6
Total expenditures - city development	<u>192,192</u>	<u>204,606</u>	<u>200,607</u>	<u>3,999</u>	<u>189,345</u>
Excess (deficiency) of revenues over expenditures	(26,392)	(38,806)	(24,035)	14,771	(7,989)
Fund balance - beginning of year	<u>70,891</u>	<u>70,891</u>	<u>70,891</u>	<u>-</u>	<u>78,880</u>
Fund balance - end of year	<u>\$ 44,499</u>	<u>\$ 32,085</u>	<u>\$ 46,856</u>	<u>\$ 14,771</u>	<u>\$ 70,891</u>

See accompanying notes to financial statements.

CITY OF WARREN, MICHIGAN
BUDGETARY COMPARISON SCHEDULE

BUDGET STABILIZATION FUND

Year Ended June 30, 2006

With Comparative Actual Totals for Year Ended June 30, 2005

	2006				2005 Actual
	Original Budget	Amended Budget	Actual	Variance	
Other financing sources (uses):					
Transfer to general fund	\$ -	\$ -	\$ -	\$ -	\$ (750,000)
Total other financing sources (uses)	-	-	-	-	(750,000)
Fund balance - beginning of year	-	-	-	-	750,000
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.

EXHIBIT C-16

CITY OF WARREN, MICHIGAN
BUDGETARY COMPARISON SCHEDULE

VICE CRIME CONFISCATION FUND

Year Ended June 30, 2006

With Comparative Actual Totals for Year Ended June 30, 2005

	2006				2005 Actual
	Original Budget	Amended Budget	Actual	Variance	
Revenues:					
Fines and fees:					
Vice crime confiscations	\$ 5,000	\$ 5,000	\$ 27,253	\$ 22,253	\$ 3,514
Interest on investments	800	800	3,993	3,193	1,648
Total revenues	<u>5,800</u>	<u>5,800</u>	<u>31,246</u>	<u>25,446</u>	<u>5,162</u>
Other financing sources (uses):					
Transfer to general fund	(25,000)	(25,000)	-	25,000	-
Total other financing sources (uses)	<u>(25,000)</u>	<u>(25,000)</u>	<u>-</u>	<u>25,000</u>	<u>-</u>
Excess (deficiency) of revenues over other financing uses	(19,200)	(19,200)	31,246	50,446	5,162
Fund balance - beginning of year	<u>87,048</u>	<u>87,048</u>	<u>87,048</u>	<u>-</u>	<u>81,886</u>
Fund balance - end of year	<u>\$ 67,848</u>	<u>\$ 67,848</u>	<u>\$ 118,294</u>	<u>\$ 50,446</u>	<u>\$ 87,048</u>

See accompanying notes to financial statements.

CITY OF WARREN, MICHIGAN
BUDGETARY COMPARISON SCHEDULE

DRUG FORFEITURE FUND

Year Ended June 30, 2006

With Comparative Actual Totals for Year Ended June 30, 2005

	2006				2005
	Original Budget	Amended Budget	Actual	Variance	Actual
Revenues:					
Fines and fees:					
Drug forfeitures	\$ 190,000	\$ 190,000	\$ 274,228	\$ 84,228	\$ 360,641
Interest on investments	3,500	3,500	22,491	18,991	7,835
Other revenue:					
Sale of equipment	-	-	1,541	1,541	8,408
Total revenues	<u>193,500</u>	<u>193,500</u>	<u>298,260</u>	<u>104,760</u>	<u>376,884</u>
Expenditures - public safety:					
Operating supplies	5,000	5,000	5,206	(206)	3,543
Other services and charges:					
Contractual services	4,000	4,000	394	3,606	3,972
Special investigations	50,000	50,000	24,463	25,537	36,643
Telephone and radio	10,000	10,000	7,463	2,537	6,872
Vehicle maintenance	5,000	5,000	3,569	1,431	1,752
Canine unit expense	5,000	5,000	4,092	908	3,068
Capital outlay:					
Office equipment	8,500	8,500	6,688	1,812	-
Vehicles	165,000	165,000	96,405	68,595	38,215
Police equipment	<u>5,000</u>	<u>5,000</u>	<u>2,416</u>	<u>2,584</u>	<u>-</u>
Total expenditures - public safety	<u>257,500</u>	<u>257,500</u>	<u>150,696</u>	<u>106,804</u>	<u>94,065</u>
Excess (deficiency) of revenues over expenditures	<u>(64,000)</u>	<u>(64,000)</u>	<u>147,564</u>	<u>211,564</u>	<u>282,819</u>
Other financing sources (uses):					
Transfer to general fund	<u>(110,000)</u>	<u>(110,000)</u>	<u>(110,000)</u>	<u>-</u>	<u>(105,000)</u>
Total other financing sources (uses)	<u>(110,000)</u>	<u>(110,000)</u>	<u>(110,000)</u>	<u>-</u>	<u>(105,000)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(174,000)</u>	<u>(174,000)</u>	<u>37,564</u>	<u>211,564</u>	<u>177,819</u>
Fund balance - beginning of year	<u>490,642</u>	<u>490,642</u>	<u>490,642</u>	<u>-</u>	<u>312,823</u>
Fund balance - end of year	<u>\$ 316,642</u>	<u>\$ 316,642</u>	<u>\$ 528,206</u>	<u>\$ 211,564</u>	<u>\$ 490,642</u>

See accompanying notes to financial statements.

EXHIBIT C-18

CITY OF WARREN, MICHIGAN
BUDGETARY COMPARISON SCHEDULE

POLICE TRAINING FUND

Year Ended June 30, 2006

With Comparative Actual Totals for Year Ended June 30, 2005

	2006				2005 Actual
	Original Budget	Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental:					
State:					
Police training	\$ 53,000	\$ 53,000	\$ 56,004	\$ 3,004	\$ 53,853
Interest on investments	800	800	3,899	3,099	1,530
Total revenues	<u>53,800</u>	<u>53,800</u>	<u>59,903</u>	<u>6,103</u>	<u>55,383</u>
Expenditures - public safety:					
Other services and charges:					
Conferences and workshops	51,300	51,300	36,850	14,450	36,410
Capital outlay:					
Office equipment	<u>2,700</u>	<u>2,700</u>	<u>2,536</u>	<u>164</u>	<u>3,395</u>
Total expenditures - public safety	<u>54,000</u>	<u>54,000</u>	<u>39,386</u>	<u>14,614</u>	<u>39,805</u>
Excess (deficiency) of revenues over expenditures	(200)	(200)	20,517	20,717	15,578
Fund balance - beginning of year	<u>97,342</u>	<u>97,342</u>	<u>97,342</u>	<u>-</u>	<u>81,764</u>
Fund balance - end of year	<u>\$ 97,142</u>	<u>\$ 97,142</u>	<u>\$ 117,859</u>	<u>\$ 20,717</u>	<u>\$ 97,342</u>

See accompanying notes to financial statements.

CITY OF WARREN, MICHIGAN
BUDGETARY COMPARISON SCHEDULE

CHAPTER 20 and 21 DRAIN BOND DEBT RETIREMENT FUND

Year Ended June 30, 2006

With Comparative Actual Totals for Year Ended June 30, 2005

	2006				2005 Actual
	Original Budget	Amended Budget	Actual	Variance	
Revenues:					
Property taxes:					
Real and personal property	\$ -	\$ -	\$ -	\$ -	\$ 2,623
Interest on investments	12,000	12,000	20,527	8,527	20,938
Total revenues	12,000	12,000	20,527	8,527	23,561
Expenditures - debt service:					
Principal payments	660,000	660,000	660,000	-	560,000
Interest payments	40,000	40,000	39,510	490	64,430
Estimated uncollectible taxes	2,000	2,000	2,000	-	2,000
Refund of taxes paid under protest	5,000	5,000	310	4,690	245
Maintenance fees	10,000	10,000	-	10,000	-
Total expenditures - debt service	717,000	717,000	701,820	15,180	626,675
Excess (deficiency) of revenues over expenditures	(705,000)	(705,000)	(681,293)	23,707	(603,114)
Fund balance - beginning of year	1,002,023	1,002,023	1,002,023	-	1,605,137
Fund balance - end of year	\$ 297,023	\$ 297,023	\$ 320,730	\$ 23,707	\$ 1,002,023

See accompanying notes to financial statements.

EXHIBIT C-20

CITY OF WARREN, MICHIGAN
BUDGETARY COMPARISON SCHEDULE

1997 MICHIGAN TRANSPORTATION BOND DEBT RETIREMENT FUND

Year Ended June 30, 2006

With Comparative Actual Totals for Year Ended June 30, 2005

	2006				2005
	Original Budget	Amended Budget	Actual	Variance	Actual
Revenues:					
Interest on investments	\$ -	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-	-
Expenditures - debt service:					
Principal payments:					
Major streets	305,000	305,000	305,000	-	290,000
Local streets	-	-	-	-	-
Interest payments:					
Major streets	125,310	125,310	125,310	-	138,940
Local streets	-	-	-	-	-
Fiscal charges:					
Major streets	350	350	350	-	350
Local streets	-	-	-	-	-
Total expenditures - debt service	430,660	430,660	430,660	-	429,290
Excess (deficiency) of revenues over expenditures	(430,660)	(430,660)	(430,660)	-	(429,290)
Other financing sources :					
Transfer from Michigan transportation operating:					
Major streets	430,660	430,660	430,660	-	429,290
Local streets	-	-	-	-	-
Total other financing sources (uses)	430,660	430,660	430,660	-	429,290
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	-	-	-	-
Fund balance - beginning of year	-	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ -	\$ -	\$ -

See accompanying notes to financial statements.

CITY OF WARREN, MICHIGAN
BUDGETARY COMPARISON SCHEDULE

2000 MICHIGAN TRANSPORTATION BOND DEBT RETIREMENT FUND

Year Ended June 30, 2006

With Comparative Actual Totals for Year Ended June 30, 2005

	2006				2005
	Original Budget	Amended Budget	Actual	Variance	Actual
Revenues:					
Interest on investments	\$ -	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-	-
Expenditures - debt service:					
Principal payments:					
Major streets	100,000	100,000	100,000	-	100,000
Local streets	-	-	-	-	-
Interest payments:					
Major streets	229,655	229,655	229,655	-	234,055
Local streets	-	-	-	-	-
Fiscal charges:					
Major streets	275	275	275	-	275
Local streets	-	-	-	-	-
Total expenditures - debt service	329,930	329,930	329,930	-	334,330
Excess (deficiency) of revenues over expenditures	(329,930)	(329,930)	(329,930)	-	(334,330)
Other financing sources :					
Transfer from Michigan transportation operating:					
Major streets	329,930	329,930	329,930	-	334,330
Local streets	-	-	-	-	-
Total other financing sources (uses)	329,930	329,930	329,930	-	334,330
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	-	-	-	-
Fund balance - beginning of year	-	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ -	\$ -	\$ -

See accompanying notes to financial statements.

EXHIBIT C-22

CITY OF WARREN, MICHIGAN
BUDGETARY COMPARISON SCHEDULE

2003 MICHIGAN TRANSPORTATION REFUNDING BOND DEBT RETIREMENT FUND

Year Ended June 30, 2006

With Comparative Actual Totals for Year Ended June 30, 2005

	2006				2005
	Original Budget	Amended Budget	Actual	Variance	Actual
Revenues:					
Interest on investments	\$ -	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-	-
Expenditures - debt service:					
Principal payments:					
Major streets	953,250	953,250	953,250	-	981,150
Local streets	71,750	71,750	71,750	-	73,850
Interest payments:					
Major streets	47,000	47,000	47,000	-	66,623
Local streets	3,538	3,538	3,537	1	5,015
Fiscal charges:					
Major streets	500	500	232	268	465
Local streets	50	50	18	32	35
Total expenditures - debt service	1,076,088	1,076,088	1,075,787	301	1,127,138
Excess (deficiency) of revenues over expenditures	(1,076,088)	(1,076,088)	(1,075,787)	301	(1,127,138)
Other financing sources (uses) :					
Transfer from Michigan transportation operating:					
Major streets	1,000,750	1,000,750	1,000,482	(268)	1,048,238
Local streets	75,338	75,338	75,305	(33)	78,900
Total other financing sources (uses)	1,076,088	1,076,088	1,075,787	(301)	1,127,138
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	-	-	-	-
Fund balance - beginning of year	-	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ -	\$ -	\$ -

See accompanying notes to financial statements.

CITY OF WARREN, MICHIGAN
BUDGETARY COMPARISON SCHEDULE

2003 MICHIGAN TRANSPORTATION BOND DEBT RETIREMENT FUND

Year Ended June 30, 2006

With Comparative Actual Totals for Year Ended June 30, 2005

	2006				2005
	Original Budget	Amended Budget	Actual	Variance	Actual
Revenues:					
Interest on investments	\$ -	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-	-
Expenditures - debt service:					
Principal payments:					
Major streets	100,000	100,000	100,000	-	100,000
Local streets	-	-	-	-	-
Interest payments:					
Major streets	181,650	181,650	181,650	-	183,900
Local streets	-	-	-	-	-
Fiscal charges:					
Major streets	1,000	1,000	225	775	225
Local streets	-	-	-	-	-
Total expenditures - debt service	282,650	282,650	281,875	775	284,125
Excess (deficiency) of revenues over expenditures	(282,650)	(282,650)	(281,875)	775	(284,125)
Other financing sources :					
Transfer from Michigan transportation operating:					
Major streets	282,650	282,650	281,875	(775)	284,125
Local streets	-	-	-	-	-
Total other financing sources (uses)	282,650	282,650	281,875	(775)	284,125
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	-	-	-	-
Fund balance - beginning of year	-	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ -	\$ -	\$ -

See accompanying notes to financial statements.

EXHIBIT C-24

CITY OF WARREN, MICHIGAN
BUDGETARY COMPARISON SCHEDULE

37TH DISTRICT COURT BUILDING RENOVATION FUND

Year Ended June 30, 2006

With Comparative Actual Totals for Year Ended June 30, 2005

	2006				2005
	Original Budget	Amended Budget	Actual	Variance	Actual
Revenues:					
Court building renovation fee	\$ 290,000	\$ 290,000	\$ 604,131	\$ 314,131	\$ 373,309
Interest on investments	2,000	2,000	26,987	24,987	3,464
Total revenues	<u>292,000</u>	<u>292,000</u>	<u>631,118</u>	<u>339,118</u>	<u>376,773</u>
Expenditures - capital projects:					
Capital improvements	<u>568,000</u>	<u>568,000</u>	-	<u>568,000</u>	-
Total expenditures - debt service	<u>568,000</u>	<u>568,000</u>	-	<u>568,000</u>	-
Excess (deficiency) of revenues over expenditures	<u>(276,000)</u>	<u>(276,000)</u>	<u>631,118</u>	<u>907,118</u>	<u>376,773</u>
Other financing sources :					
Transfer from general fund	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(276,000)</u>	<u>(276,000)</u>	<u>631,118</u>	<u>907,118</u>	<u>376,773</u>
Fund balance - beginning of year	<u>376,773</u>	<u>376,773</u>	<u>376,773</u>	-	-
Fund balance - end of year	<u>\$ 100,773</u>	<u>\$ 100,773</u>	<u>\$ 1,007,891</u>	<u>\$ 907,118</u>	<u>\$ 376,773</u>

See accompanying notes to financial statements.

CITY OF WARREN, MICHIGAN
 BUDGETARY COMPARISON SCHEDULE
 SEWAGE DISPOSAL PLANT EXPANSION FUND
 Year Ended June 30, 2006
 With Comparative Actual Totals for Year Ended June 30, 2005

	2006				2005
	Original Budget	Amended Budget	Actual	Variance	Actual
Revenues:					
Interest on investments	\$ -	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-	-
Expenditures - capital projects:					
Capital improvements	65,630	65,630	-	65,630	30,509
Total expenditures - capital projects	65,630	65,630	-	65,630	30,509
Excess (deficiency) of revenues over expenditures	(65,630)	(65,630)	-	65,630	(30,509)
Fund balance - beginning of year	96,828	96,828	96,828	-	127,337
Fund balance - end of year	\$ 31,198	\$ 31,198	\$ 96,828	\$ 65,630	\$ 96,828

See accompanying notes to financial statements.

EXHIBIT C-26

CITY OF WARREN, MICHIGAN
COMBINING STATEMENT OF NET ASSETS
FIDUCIARY AND AGENCY FUNDS

June 30, 2006

	Pension and Other Employee Benefit Trust Funds			
	Police & Fire Retirement System (1)	City Employees' Retirement System (1)	Police & Fire VEBA Trust (1)	City Employees' VEBA Trust
Assets				
Cash and cash equivalents	\$ 111,116	\$ 14,238	\$ -	\$ -
Receivables:				
Investment sales	-	247,709	-	-
Accrued interest and dividends	1,034,486	629,591	45,508	97,160
Due from other funds:				
General fund	589,780	-	-	-
Other	-	1,548	-	-
Prepaid expenses	-	3,700	-	-
Investments, at fair value:				
Securities lending short-term collateral investment pool	36,918,802	16,482,706	-	-
Short-term cash management funds	10,907,458	7,689,090	10,869	1,542,588
Certificates of deposit	-	-	5,324,016	-
Distressed debt recovery fund	1,276,699	-	-	-
U.S. government obligations	24,881,127	4,535,902	-	1,286,010
U.S. government agencies' notes and debentures	15,343,755	6,505,516	-	-
Corporate and other bonds and securities	28,206,706	31,008,768	-	4,571,724
Equity mutual funds	9,178,288	-	10,975,932	12,431,226
Fixed income mutual funds	3,647,764	-	2,206,126	-
Real estate investment trusts	9,584,577	-	-	-
Mezzanine debt financing	500,400	-	-	-
Private equity	350,334	-	-	-
Equities	187,118,002	77,078,494	-	-
Total investments	327,913,912	143,300,476	18,516,943	19,831,548
Total assets	329,649,294	144,197,262	18,562,451	19,928,708
Liabilities				
Accounts payable	2,005,249	189,296	44,353	13,462
Due broker under securities lending agreement	36,918,802	16,482,706	-	-
Due to other funds:				
General fund	113,183	116,011	3,774,923	3,685,757
Water and Sewer System	-	6,494	-	-
Deposits and escrows	-	-	-	-
Due to other governmental units	-	-	-	-
Total liabilities	39,037,234	16,794,507	3,819,276	3,699,219
Net assets				
Held in trust for pension and other employee benefits	\$ 290,612,060	\$ 127,402,755	\$ 14,743,175	\$ 16,229,489

Note:

- (1) The City Employees' Retirement System, Police and Fire Retirement System, Police and Fire V.E.B.A. Trust and City Employees' Retirement Q.E.B.A. Trust are reported for the fiscal year ended December 31, 2005.

The City Employee V.E.B.A. Trust is reported for the fiscal year ended June 30, 2006.

See accompanying notes to financial statements.

		Agency Funds			
City Employees' Retirement QEBA Trust (1)	Total Pension and Other Employee Benefit Trust Funds	Cash Bond Fund	Tax Collection Fund	Fire Insurance Withholding Fund	Totals
\$ 14,290	\$ 139,644	\$ 1,460,858	\$ 697,392	\$ 52,881	\$ 2,211,131
-	247,709	-	-	-	-
76	1,806,821	-	-	154	154
-	589,780	-	-	-	-
251	1,799	-	-	-	-
-	3,700	-	-	-	-
-	53,401,508	-	-	-	-
-	20,150,005	-	-	-	-
-	5,324,016	-	-	-	-
-	1,276,699	-	-	-	-
-	30,703,039	-	-	-	-
-	21,849,271	-	-	-	-
-	63,787,198	-	-	-	-
-	32,585,446	-	-	-	-
-	5,853,890	-	-	-	-
-	9,584,577	-	-	-	-
-	500,400	-	-	-	-
-	350,334	-	-	-	-
-	264,196,496	-	-	-	-
-	509,562,879	-	-	-	-
14,617	512,352,332	1,460,858	697,392	53,035	2,211,285
127	2,252,487	-	49,608	-	49,608
-	53,401,508	-	-	-	-
-	7,689,874	-	-	284	284
-	6,494	-	-	-	-
-	-	1,460,858	-	52,751	1,513,609
-	-	-	647,784	-	647,784
127	63,350,363	\$ 1,460,858	\$ 697,392	\$ 53,035	\$ 2,211,285
\$ 14,490	\$ 449,001,969				

EXHIBIT C-27

CITY OF WARREN, MICHIGAN
COMBINING STATEMENT OF CHANGES IN NET ASSETS
FIDUCIARY FUNDS

For the Year Ended June 30, 2006

	Police & Fire Retirement System (1)	City Employees' Retirement System (1)	Police & Fire VEBA Trust (1)	City Employees' VEBA Trust
Additions:				
Contributions:				
Employee contributions	\$ 410,899	\$ -	\$ -	\$ -
Employer contributions	3,115,473	5,878,849	4,237,700	6,570,757
Employer contributions made on behalf of employees	<u>1,165,266</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total contributions	<u>4,691,638</u>	<u>5,878,849</u>	<u>4,237,700</u>	<u>6,570,757</u>
Investment activity:				
Net appreciation/(depreciation) in fair value of investments	14,769,162	2,680,594	23,447	(172,115)
Interest and dividend income	<u>7,665,711</u>	<u>3,936,978</u>	<u>602,626</u>	<u>1,321,322</u>
	22,434,873	6,617,572	626,073	1,149,207
Less investment expenses	<u>(1,433,467)</u>	<u>(696,997)</u>	<u>(8,987)</u>	<u>(28,241)</u>
Net investment gain/(loss)	<u>21,001,406</u>	<u>5,920,575</u>	<u>617,086</u>	<u>1,120,966</u>
Securities lending income:				
Interest and fees	1,161,354	439,101	-	-
Less borrower rebates and bank fees	<u>(1,092,867)</u>	<u>(420,854)</u>	<u>-</u>	<u>-</u>
Net securities lending income	<u>68,487</u>	<u>18,247</u>	<u>-</u>	<u>-</u>
Miscellaneous income	<u>-</u>	<u>3,987</u>	<u>-</u>	<u>-</u>
Total additions	<u>25,761,531</u>	<u>11,821,658</u>	<u>4,854,786</u>	<u>7,691,723</u>
Deductions:				
Retirees' pension benefits	15,178,907	11,211,673	-	-
Retirees' health insurance	-	-	6,819,017	6,468,530
Refunds and withdrawals of contributions	1,161,357	46,802	-	-
Administrative expense	<u>205,763</u>	<u>280,179</u>	<u>12,879</u>	<u>27,033</u>
Total additions/(deductions)	<u>16,546,027</u>	<u>11,538,654</u>	<u>6,831,896</u>	<u>6,495,563</u>
Other Financing Sources (Uses):				
Operating transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease)	9,215,504	283,004	(1,977,110)	1,196,160
Net assets held in trust for pension and other employee benefits:				
Beginning of year	<u>281,396,556</u>	<u>127,119,751</u>	<u>16,720,285</u>	<u>15,033,329</u>
End of year	<u>\$ 290,612,060</u>	<u>\$ 127,402,755</u>	<u>\$ 14,743,175</u>	<u>\$ 16,229,489</u>

Note:

(1) The City Employees' Retirement System, Police and Fire Retirement System, Police and Fire V.E.B.A. Trust and City Employees' Retirement Q.E.B.A. Trust are reported for the fiscal year ended December 31, 2005.

The City Employee V.E.B.A. Trust is reported for the fiscal year ended June 30, 2006.

See accompanying notes to financial statements.

City Employees' Retirement QEBA Trust (1)	Total Pension and Other Employee Benefit Trust Funds
\$ -	\$ 410,899
35,000	19,837,779
-	1,165,266
<u>35,000</u>	<u>21,413,944</u>
-	17,301,088
<u>265</u>	<u>13,526,902</u>
265	30,827,990
-	(2,167,692)
<u>265</u>	<u>28,660,298</u>
-	1,600,455
-	(1,513,721)
-	86,734
-	3,987
<u>35,265</u>	<u>50,164,963</u>
19,897	26,410,477
-	13,287,547
-	1,208,159
<u>3,547</u>	<u>529,401</u>
<u>23,444</u>	<u>41,435,584</u>
-	-
11,821	8,729,379
<u>2,669</u>	<u>440,272,590</u>
<u>\$ 14,490</u>	<u>\$ 449,001,969</u>

CITY OF WARREN, MICHIGAN
CITY EMPLOYEES' RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/99	\$ 153,234,001	\$ 170,096,447	\$ 16,862,546	90.1%	\$ 26,300,366	64.1%
12/31/99 (1)	153,234,001	153,234,001	-	100.0	26,300,366	-
12/31/00	144,779,678	144,779,768	-	100.0	17,821,494	-
12/31/01	142,295,567	142,295,567	-	100.0	16,761,095	-
12/31/02	135,317,087	135,317,087	-	100.0	16,759,827	-
12/31/03	128,846,689	128,846,689	-	100.0	16,908,433	-
12/31/04	126,080,178	126,080,178	-	100.0	16,719,853	-

Schedule of Employer Contributions

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution	Percentage Contributed
12/31/00	12/31/98	\$ 4,756,593	100.00%
12/31/01	12/31/99	4,025,117	100.00
12/31/02	12/31/00	4,157,994	100.00
12/31/03	12/31/01	4,510,992	100.00
12/31/04	12/31/02	5,259,667	100.00
12/31/05	12/31/03	5,878,849	100.00

(1) Change in the actuarial cost method used from the individual entry age normal cost method to an aggregate funding method.

The information presented in the required supplementary schedules was determined as part of the actuarial valuation dates indicated. Additional information as of the latest valuation follows:

Valuation date	December 31, 2004
Actuarial cost method	Aggregate
Amortization Method	Level percent of payroll, closed
Remaining amortization period	Expected future working lifetime
Asset valuation method	Closed 4 year smoothed market
Actuarial assumptions:	
Investment rate of return	7.50%
Projected salary increases*	5.00 - 8.80%
*Includes inflation at	5.00%
Cost of living adjustments	None

Membership of the plan consisted of the following at December 31, 2004, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	501
Terminated plan members entitled to but not yet receiving benefits	23
Active plan members	<u>270</u>
Total	<u>794</u>

CITY OF WARREN, MICHIGAN
POLICE AND FIRE RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded (Overfunded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/99	\$ 291,279,446	\$ 230,109,735	\$ (61,169,711)	126.58	\$ 25,814,862	-
12/31/00	315,902,368	230,836,429	(85,065,939)	136.85	26,048,853	-
12/31/01	322,076,923	249,131,827	(72,945,096)	129.28	28,469,158	-
12/31/02	305,839,164	254,162,580	(51,676,584)	120.30	28,352,146	-
12/31/03	288,185,499	263,489,300	(24,696,199)	109.40	29,400,497	-
12/31/04	277,076,691	283,888,444	6,811,753	97.60	30,306,876	22.50

Schedule of Employer Contributions

Fiscal Year Ended	Annual Required Contribution	Percentage Contributed
12/31/00	\$ 6,211,651	100.00
12/31/01	6,190,998	100.00
12/31/02	3,704,792	100.00
12/31/03	1,297,595	100.00
12/31/04	1,895,672	100.00
12/31/04	4,280,739	100.00

The information presented in the required supplementary schedules was determined as part of the actuarial valuation dates indicated. Additional information as of December 31, 2004, the latest valuation, follows:

Actuarial cost method	Entry age
Amortization Method	Level percent of payroll
Remaining amortization period	12 years
Asset valuation method	4 year smoothed market
Actuarial assumptions:	
Investment rate of return	7.50%
Projected salary increases*	0.1% - 3.0%
*Includes inflation at	5.00%
Cost of living adjustments	None

CITY OF WARREN, MICHIGAN
STATE of MICHIGAN CONSTRUCTION CODE ACT
(Public Act 245 of 1999)

REQUIRED SUPPLEMENTARY INFORMATION

Fiscal year ended June 30, 2006

The City oversees building construction, in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The City charges fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and the cumulative shortfall generated since January 1, 2000 is as follows:

Revenues:	
Building permits	\$ 954,828
Electrical permits	194,894
Mechanical permits	194,309
Plumbing permits	486,084
Plan review fees	183,702
Sidewalk permits	21,573
Zoning permits	172,188
Other licenses and permits	186,433
Block grant administration	100,000
Board of appeals	27,575
Site plan fees	49,871
Planning commission fees	<u>16,916</u>
Total revenues	<u>2,588,373</u>
Expenditures (1):	
Building department	1,875,932
Planning department	<u>663,275</u>
Total expenditures	<u>2,539,207</u>
Excess (deficiency) of revenues over expenditures	49,166
Cumulative shortfall as of June 30, 2005	<u>(3,545,521)</u>
Cumulative shortfall as of June 30, 2006	<u>\$(3,496,355)</u>

(1) Overhead costs were not charged against departmental expenditures.

CITY OF WARREN, MICHIGAN

STATISTICAL SECTION

Statistical Information

Statistical information contained herein relates to the physical, economic and social characteristics of the City. It is designed to provide a broader and more complete understanding of the City and its financial affairs than is possible from the financial statements, notes and supporting schedules presented in the financial section.

Contents

Exhibit

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Net Assets by Component	D-1
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Fund Balances of Governmental Funds	D-3
Changes in Fund Balances of Governmental Funds	D-4

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the City's ability to generate property taxes

Actual, State Equalized and Taxable Value of Taxable Property	D-5
Direct and Overlapping Property Tax Rates	D-6
Principal Property Taxpayers	D-7
Property Tax Levies and Collections	D-8

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future

Ratios of Net General Bonded Debt Outstanding and Net Outstanding Debt by Type	D-9
Direct and Overlapping Governmental Activities Debt	D-10
Legal Debt Margin Information	D-11
Pledged Revenue Coverage	D-12
Debt Service Requirements to Maturity - Governmental Activities	D-13
Business-Type Activities	D-14

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment in which the City's financial activities take place and to help make comparisons over time and with other governments.

Demographic and Economic Statistics	D-15
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Principal Employers	D-17

Operating Information

These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

Operating Indicators by Function	D-18
Value of New Construction	D-19
Full-Time Equivalent City Government Employees by Function	D-20

CITY OF WARREN, MICHIGAN
NET ASSETS BY COMPONENT
LAST FIVE FISCAL YEARS
(Accrual Basis of Accounting)

	Fiscal Year		
	2002	2003	2004
Governmental Activities:			
Invested in capital assets, net of related debt	\$ 41,827,921	\$ 65,870,765	\$ 59,951,114
Restricted	42,874,655	40,540,140	45,965,199
Unrestricted	<u>31,006,985</u>	<u>26,078,527</u>	<u>21,492,100</u>
Total governmental activities net assets	<u>\$ 115,709,561</u>	<u>\$ 132,489,432</u>	<u>\$ 127,408,413</u>
Business-type activities:			
Invested in capital assets, net of related debt	\$ 68,611,245	\$ 66,341,283	\$ 63,155,395
Restricted	6,561,063	11,848,018	14,525,360
Unrestricted	<u>16,582,226</u>	<u>12,754,091</u>	<u>9,886,743</u>
Total business-type activities net assets	<u>\$ 91,754,534</u>	<u>\$ 90,943,392</u>	<u>\$ 87,567,498</u>
Primary government:			
Invested in capital assets, net of related debt	\$ 110,439,166	\$ 132,212,048	\$ 123,106,509
Restricted	49,435,718	52,388,158	60,490,559
Unrestricted	<u>47,589,211</u>	<u>38,832,618</u>	<u>31,378,843</u>
Total primary government net assets	<u>\$ 207,464,095</u>	<u>\$ 223,432,824</u>	<u>\$ 214,975,911</u>

Fiscal Year	
2005	2006
\$ 61,211,667	\$ 62,875,434
33,684,984	32,961,557
<u>25,044,605</u>	<u>30,107,642</u>
<u>\$ 119,941,256</u>	<u>\$ 125,944,633</u>
\$ 58,641,924	\$ 57,819,780
17,557,693	18,181,409
<u>7,604,682</u>	<u>6,788,707</u>
<u>\$ 83,804,299</u>	<u>\$ 82,789,896</u>
\$ 119,853,591	\$ 120,695,214
51,242,677	51,142,966
<u>32,649,287</u>	<u>36,896,349</u>
<u>\$ 203,745,555</u>	<u>\$ 208,734,529</u>

CITY OF WARREN, MICHIGAN
CHANGES IN NET ASSETS
LAST FIVE FISCAL YEARS
(Accrual Basis of Accounting)

	Fiscal Year		
	2002	2003	2004
Expenses			
Governmental activities:			
General government	\$ 20,082,664	\$ 19,473,919	\$ 16,615,611
Public safety	51,582,496	48,394,428	57,884,081
City development	5,422,940	5,810,991	6,005,387
Highways and streets	8,605,050	11,283,073	11,502,440
Recreation and culture	8,166,273	8,678,166	11,220,933
Sanitation	7,041,930	7,107,239	7,879,934
Economic development	1,383,706	557,046	1,113,253
Community development	3,017,165	2,931,591	2,395,311
Capital projects	833,806	2,922,550	2,912,390
Interest on long-term debt	2,480,239	2,528,384	3,165,735
Total governmental activities expenses	<u>108,616,269</u>	<u>109,687,387</u>	<u>120,695,075</u>
Business-type activities:			
Water and Sewer System	27,280,070	29,180,277	30,575,456
Senior citizen housing	1,966,902	2,140,531	2,075,410
Total business-type activities expenses	<u>29,246,972</u>	<u>31,320,808</u>	<u>32,650,866</u>
Total primary government expenses	<u>\$ 137,863,241</u>	<u>\$ 141,008,195</u>	<u>\$ 153,345,941</u>
Program Revenues			
Governmental activities:			
Charges for services	\$ 9,183,044	\$ 10,609,157	\$ 11,620,300
Operating grants and contributions	11,626,648	11,164,027	12,058,948
Capital grants and contributions	4,138,308	3,692,522	2,829,698
Total governmental activities program revenues	<u>24,948,000</u>	<u>25,465,706</u>	<u>26,508,946</u>
Business-type activities:			
Water and Sewer System	27,085,680	28,156,665	26,992,448
Senior citizen housing	1,885,404	1,966,201	1,964,734
Total business-type activities program revenues	<u>28,971,084</u>	<u>30,122,866</u>	<u>28,957,182</u>
Total primary government program revenues	<u>\$ 53,919,084</u>	<u>\$ 55,588,572</u>	<u>\$ 55,466,128</u>
Net (expense) revenue			
Governmental activities	\$ (83,668,269)	\$ (84,221,681)	\$ (94,186,129)
Business-type activities	(275,888)	(1,197,942)	(3,693,684)
Total primary government net (expense) revenue	<u>\$ (83,944,157)</u>	<u>\$ (85,419,623)</u>	<u>\$ (97,879,813)</u>
General Revenues and Other Changes in Net Assets			
Governmental activities:			
Property taxes	\$ 64,901,453	\$ 70,605,876	\$ 71,837,273
Sales and use taxes	17,587,680	16,551,307	14,867,961
Franchise fees	1,289,771	1,162,911	1,129,307
Investment earnings	2,137,399	1,199,309	890,520
Gain (loss) on sale of capital assets	278,840	3,438,149	380,049
Reduction in long-term debt obligation	-	400,000	-
SMDA settlement agreement	-	7,644,000	-
Transfers	-	-	-
Total governmental activities	<u>86,195,143</u>	<u>101,001,552</u>	<u>89,105,110</u>
Business-type activities:			
Investment earnings	1,477,928	386,800	317,790
Gain (loss) on sale of capital assets	(2,383)	-	-
Total business-type activities	<u>1,475,545</u>	<u>386,800</u>	<u>317,790</u>
Total primary government	<u>\$ 87,670,688</u>	<u>\$ 101,388,352</u>	<u>\$ 89,422,900</u>
Changes in Net Assets			
Governmental activities	\$ 2,526,874	\$ 16,779,871	\$ (5,081,019)
Business-type activities	1,199,657	(811,142)	(3,375,894)
Total primary government	<u>\$ 3,726,531</u>	<u>\$ 15,968,729</u>	<u>\$ (8,456,913)</u>

Fiscal Year	
2005	2006
\$ 17,504,006	\$ 20,176,196
50,525,480	55,968,750
5,106,065	4,938,429
10,930,533	10,735,706
11,066,379	11,001,914
8,044,439	8,174,592
862,902	9,269,389
3,335,621	2,336,495
1,624,148	1,498,553
4,163,954	6,254,880
<u>113,163,527</u>	<u>130,354,904</u>
31,225,489	32,188,319
<u>1,800,146</u>	<u>1,872,601</u>
<u>33,025,635</u>	<u>34,060,920</u>
\$ <u>146,189,162</u>	\$ <u>164,415,824</u>
\$ 12,714,891	\$ 14,584,784
12,935,941	12,463,692
4,789,306	5,171,647
<u>30,440,138</u>	<u>32,220,123</u>
26,928,099	30,329,100
<u>2,034,821</u>	<u>2,081,469</u>
<u>28,962,920</u>	<u>32,410,569</u>
\$ <u>59,403,058</u>	\$ <u>64,630,692</u>
\$ (82,723,389)	\$ (98,134,781)
<u>(4,062,715)</u>	<u>(1,650,351)</u>
\$ <u>(86,786,104)</u>	\$ <u>(99,785,132)</u>
\$ 74,911,034	\$ 83,352,957
14,705,085	14,540,634
1,151,761	1,206,596
1,602,968	3,075,634
84,927	2,099,337
-	-
-	-
<u>(17,199,543)</u>	<u>(137,000)</u>
<u>75,256,232</u>	<u>104,138,158</u>
299,516	635,948
-	-
<u>299,516</u>	<u>635,948</u>
\$ <u>75,555,748</u>	\$ <u>104,774,106</u>
\$ (7,467,157)	\$ 6,003,377
<u>(3,763,199)</u>	<u>(1,014,403)</u>
\$ <u>(11,230,356)</u>	\$ <u>4,988,974</u>

CITY OF WARREN, MICHIGAN
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	1997	1998	1999	2000 (1)
General Fund:				
Reserved	\$ 2,759,131	\$ 2,301,961	\$ 2,063,260	\$ 1,273,879
Unreserved	<u>16,635,186</u>	<u>21,838,803</u>	<u>24,413,375</u>	<u>26,501,015</u>
Total general fund	<u>\$ 19,394,317</u>	<u>\$ 24,140,764</u>	<u>\$ 26,476,635</u>	<u>\$ 27,774,894</u>
All Other Governmental Funds:				
Reserved	\$ 4,167,758	\$ 5,599,323	\$ 3,511,722	\$ 4,492,276
Unreserved, reported in:				
Special revenue funds	14,416,502	18,214,035	24,574,221	47,606,490
Capital projects funds	8,771,411	9,177,908	8,098,053	8,972,959
Debt service funds	<u>189,123</u>	<u>456,930</u>	<u>747,781</u>	<u>1,092,076</u>
Total all other governmental funds	<u>\$ 27,544,794</u>	<u>\$ 33,448,196</u>	<u>\$ 36,931,777</u>	<u>\$ 62,163,801</u>

(1) Reflects proceeds from the sale of the Detroit Arsenal Tank Plant of \$25.5 million.

(2) Reflects implementation of GASB Statement No. 34 and GASB Interpretation No. 6

Fiscal Year					
2001	2002 (2)	2003	2004	2005	2006
\$ 1,608,054	\$ 1,912,343	\$ 2,250,381	\$ 2,326,703	\$ 2,507,872	\$ 4,389,944
<u>28,019,105</u>	<u>49,390,183</u>	<u>55,051,386</u>	<u>55,173,474</u>	<u>44,720,163</u>	<u>48,532,509</u>
<u>\$ 29,627,159</u>	<u>\$ 51,302,526</u>	<u>\$ 57,301,767</u>	<u>\$ 57,500,177</u>	<u>\$ 47,228,035</u>	<u>\$ 52,922,453</u>
\$ 22,271,772	\$ 12,143,950	\$ 4,350,252	\$ 9,931,404	\$ 45,883,472	\$ 27,970,850
30,561,656	31,099,498	29,538,059	23,917,188	22,677,100	20,653,148
12,998,658	10,134,377	16,841,480	35,011,030	8,990,773	6,586,018
<u>1,433,845</u>	<u>1,790,644</u>	<u>2,991,789</u>	<u>4,003,520</u>	<u>3,934,800</u>	<u>2,972,181</u>
<u>\$ 67,265,931</u>	<u>\$ 55,168,469</u>	<u>\$ 53,721,580</u>	<u>\$ 72,863,142</u>	<u>\$ 81,486,145</u>	<u>\$ 58,182,197</u>

CITY OF WARREN, MICHIGAN
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	1997	1998	1999	2000
Revenues:				
Property taxes	\$ 56,210,392	58,767,119	61,427,133	63,288,839
Special assessments	135,246	121,586	80,620	95,614
Licenses and permits	1,661,641	1,849,837	2,218,341	2,299,396
Intergovernmental:				
Federal revenue	1,475,934	1,717,816	2,992,850	2,472,371
State revenue	26,176,629	26,510,138	29,129,463	29,999,066
Local revenue	190,637	175,753	200,938	228,809
Charges for services	981,393	1,838,627	2,757,121	2,185,417
Fines and fees	4,622,666	5,167,149	5,955,125	5,765,687
Interest	2,813,425	3,922,018	3,768,635	4,883,438
Other	4,794,826	4,428,977	3,633,304	3,838,813
Total revenues	99,062,789	104,499,020	112,163,530	115,057,450
Expenditures:				
General government	22,809,392	22,676,340	24,582,365	27,685,739
Public safety	42,610,253	41,610,310	42,776,329	44,224,911
City development	4,046,424	4,205,735	4,284,874	5,179,591
Highway and streets	9,283,376	10,721,908	11,184,691	8,967,483
Recreation and culture	6,885,843	7,033,750	7,610,905	8,215,644
Sanitation	6,008,389	6,052,888	6,359,861	6,676,854
Economic development	485,023	6,068,378	4,083,417	4,838,582
Community development	1,468,325	1,928,104	3,344,939	2,607,216
Capital projects	3,105,653	1,613,508	2,001,583	462,881
Debt service:				
Principal retirement	1,649,339	5,628,019	3,271,590	4,101,167
Interest	1,323,833	1,418,948	1,229,453	1,061,560
Other	4,096	2,259	114,071	5,539
Total expenditures	99,679,946	108,960,147	110,844,078	114,027,167
Excess of revenues over (under) expenditures	(617,157)	(4,461,127)	1,319,452	1,030,283
Other Financing Sources (Uses):				
Transfers to fiduciary funds	-	-	-	-
Transfers to Water and Sewer System	-	-	-	-
Proceeds from sale of property (1)	-	4,500,000	4,500,000	25,500,000
Proceeds from issuance of debt	4,896,635	10,357,500	1,335,791	-
Payment to refunded bond escrow agent	-	-	(1,335,791)	-
Bond premium (discounts)	-	-	-	-
Other	-	253,476	-	-
Total other financing sources (uses)	4,896,635	15,110,976	4,500,000	25,500,000
Net changes in fund balances	<u>\$ 4,279,478</u>	<u>\$ 10,649,849</u>	<u>\$ 5,819,452</u>	<u>\$ 26,530,283</u>
Debt service as a percentage of non-capital expenditures (2)	-	-	-	-

(1) Amounts reported in fiscal years 1998 through 2003 represent proceeds from the sale of property formerly known as the Detroit Arsenal Tank Plant.

(2) Prior to the implementation of GASB Statement No. 34 in fiscal year 2002, capitalization of infrastructure improvements was not required. A significant portion of debt service reported for the fiscal years prior to 2002 was for infrastructure improvements, no portion of which was capitalized. Inclusion of debt service ratios for these years would be misleading.

Fiscal Year					
2001	2002	2003	2004	2005	2006
64,206,353	64,815,974	70,514,428	71,740,065	74,787,704	84,328,809
108,795	225,149	1,158,599	1,610,111	994,766	982,318
2,400,352	1,886,189	1,669,227	1,655,809	2,167,451	2,420,993
2,138,084	2,604,890	2,093,760	2,559,108	4,612,382	3,305,681
29,790,997	27,430,409	27,179,229	25,638,979	25,856,586	25,703,221
264,505	341,125	444,803	761,802	589,986	656,026
1,867,839	2,069,475	2,372,927	2,730,910	2,894,923	4,101,728
5,703,761	5,686,199	5,767,711	6,208,873	6,810,020	7,295,418
6,825,098	3,094,011	1,858,340	1,445,693	2,599,643	5,404,617
3,855,755	4,202,329	6,442,251	7,151,246	6,173,358	6,358,491
117,161,539	112,355,750	119,501,275	121,502,596	127,486,819	140,557,302
28,185,166	21,854,246	21,658,378	22,167,103	22,496,853	25,992,081
49,669,931	52,530,308	47,697,824	56,633,024	52,271,304	59,597,955
5,513,970	5,511,262	5,766,893	5,951,477	5,159,713	5,106,033
9,836,390	9,288,019	12,307,374	11,106,835	13,003,033	12,658,806
9,314,814	20,717,736	23,338,068	10,877,663	10,060,656	9,816,038
7,270,063	7,003,913	6,887,669	7,836,537	8,234,143	8,338,889
4,661,727	1,831,462	7,189,029	2,176,103	13,951,104	39,215,525
1,791,358	3,010,281	2,926,258	2,395,477	3,333,119	2,339,535
1,691,125	833,806	2,958,848	2,912,390	1,624,148	1,498,553
2,958,333	3,489,706	6,131,084	4,550,765	4,535,349	4,693,582
1,134,537	2,366,436	2,460,689	2,914,632	3,743,818	5,646,793
3,711	2,442	10,695	365,860	403,167	442,173
122,031,125	128,439,617	139,332,809	129,887,866	138,816,407	175,345,963
(4,869,586)	(16,083,867)	(19,831,534)	(8,385,270)	(11,329,588)	(34,788,661)
(10,000,000)	-	-	-	(17,068,543)	-
-	-	-	-	(131,000)	(137,000)
3,834,381	-	3,433,442	-	-	2,240,087
17,989,600	2,853,012	21,145,000	32,114,457	27,015,000	25,835,000
-	-	-	(4,224,218)	-	(10,474,047)
-	-	(194,556)	(164,997)	(135,008)	(284,909)
-	-	-	-	-	-
11,823,981	2,853,012	24,383,886	27,725,242	9,680,449	17,179,131
\$ 6,954,395	\$ (13,230,855)	\$ 4,552,352	\$ 19,339,972	\$ (1,649,139)	\$ (17,609,530)
-	5.27%	7.49%	5.97%	6.98%	7.60%

CITY OF WARREN, MICHIGAN
ACTUAL, STATE EQUALIZED AND TAXABLE VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Valuation Date Dec. 31	Fiscal Year Ended June 30	Real Property					
		Commercial		Industrial		Residential	
		State Equalized Value	Taxable Value	State Equalized Value	Taxable Value	State Equalized Value	Taxable Value
1995	1997	\$ 361,745,725	\$ 361,738,275	\$ 500,577,300	\$ 500,469,180	\$ 1,775,145,070	\$ 1,712,364,940
1996	1998	373,923,630	373,911,940	514,135,500	513,997,990	1,909,055,530	1,771,296,550
1997	1999	387,603,260	384,514,720	530,289,940	530,146,930	2,059,420,370	1,838,462,500
1998	2000	400,055,970	394,745,298	578,183,020	575,496,839	2,249,073,151	1,897,961,574
1999	2001	412,107,635	407,027,240	596,940,240	591,344,440	2,422,794,590	1,972,198,770
2000	2002	428,511,820	422,540,360	595,333,340	590,524,930	2,624,024,180	2,076,874,770
2001	2003	556,269,070	439,853,430	739,418,720	608,519,340	2,829,961,930	2,185,762,640
2002	2004	576,504,460	470,293,930	764,593,450	647,805,090	3,120,583,610	2,384,669,010
2003	2005	572,342,170	456,093,940	751,245,420	627,577,820	3,006,294,040	2,277,219,880
2004	2006	604,599,380	490,771,640	769,510,100	664,498,290	3,210,976,430	2,486,422,141

The State Equalized Value (SEV) is the Actual Value multiplied by the Equalization Factor, currently equal to fifty percent.

The amounts reported are provided annually by the City Assessor's Office and do not reflect any tax exempt properties. Assessments are valued as of December 31 of each year. The respective taxes were levied on July 1 of the following year for the fiscal year indicated. During the fiscal year, the SEV and taxable values may be amended through judgements of the State Tax Commission (STC), Michigan Tax Tribunal (MTT) or Board of Review (BOR).

On March 15, 1994, Michigan voters passed Proposal A which places a limit on the value used to compute property taxes. Effective with the July 1, 1995 levy, property taxes are calculated using a Taxable Value. The Taxable Value is the lower of the State Equalized Value or the Capped Value. The State Equalized Value is the Assessed Value (representing fifty percent of the true cash value) multiplied by the Equalization Factor (currently equal to 1.000). The Capped Value is calculated by using the prior year's Taxable Value minus losses times the lower of 1.05 or the prior year's Consumers Price Index for the twelve months ended September 30 plus any additions.

Personal Property		Industrial Facilities & Other		Totals		Total Direct Tax Rate
State Equalized Value	Taxable Value	State Equalized Value	Taxable Value	State Equalized Value	Taxable Value	
\$ 649,013,390	\$ 649,013,390	\$ 135,488,406	\$ 135,488,406	\$ 3,421,969,891	\$ 3,359,074,191	16.5832
681,659,019	681,659,019	179,269,111	179,269,111	3,658,042,790	3,520,134,610	16.5832
741,599,450	741,599,450	185,599,878	185,599,878	3,904,512,898	3,680,323,478	16.5832
815,719,604	815,719,604	145,174,495	145,164,365	4,188,206,240	3,829,087,680	16.3068
746,029,641	746,029,641	179,112,913	178,622,613	4,356,985,019	3,895,222,704	16.3068
763,518,885	763,518,885	256,608,504	256,446,284	4,667,996,729	4,109,905,229	16.2600
767,486,522	767,486,522	351,576,421	350,315,051	5,244,712,663	4,351,936,983	16.2524
774,437,678	773,857,285	357,893,123	356,598,373	5,594,012,321	4,633,223,688	16.1924
787,465,492	787,465,492	338,931,568	337,459,259	5,456,278,690	4,485,816,391	16.1924
733,292,078	733,169,122	412,279,953	411,167,403	5,730,657,941	4,786,028,596	16.9424

CITY OF WARREN, MICHIGAN
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	City-wide Direct Debt							
	General Operating (1)	Library	Emergency Medical Service	Parks & Recreation	Police & Fire Pensions	Sanitation	Police Protection	Fire Protection
1997	8.6000	0.4899	0.2939	0.9798	1.9900	2.0100	0.9798	0.9798
1998	8.8182	0.4899	0.2939	0.9798	1.9900	1.7918	0.9798	0.9798
1999	8.8182	0.4899	0.2939	0.9798	1.9900	1.7918	0.9798	0.9798
2000	8.7997	0.4889	0.2933	0.9777	1.8400	1.6918	0.9777	0.9777
2001	8.7997	0.4889	0.2933	0.9777	1.8400	1.6918	0.9777	0.9777
2002	8.7671	0.4870	0.2921	0.9740	1.8400	1.6918	0.9740	0.9740
2003	8.7724	0.4873	0.2923	0.9746	1.8248	1.6918	0.9746	0.9746
2004	8.7724	0.4873	0.2923	0.9746	1.8248	1.8918	0.9746	0.9746
2005	8.7724	0.4873	0.2923	0.9746	1.8248	1.8918	0.9746	0.9746
2006	8.7724	0.4873	0.2923	0.9746	2.5748	1.8918	0.9746	0.9746

(1) The City general operating tax rate charter limit equals 9.0000 mills.

	School District Overlapping Debt					
	Fitzgerald		Van Dyke		East Detroit	
	Homestead Property	Non - Homestead	Homestead Property	Non - Homestead	Homestead Property	Non - Homestead
School District Rate	11.4700	29.4700	13.7600	31.7600	10.5000	28.5000
Combined City & County Rate	25.0282	25.0282	25.0282	25.0282	25.0282	25.0282
1997 Total Direct & Overlapping Debt	36.4982	54.4982	38.7882	56.7882	35.5282	53.5282
School District Rate	11.3600	29.3600	13.7600	31.7600	10.5000	28.5000
Combined City & County Rate	25.0354	25.0354	25.0354	25.0354	25.0354	25.0354
1998 Total Direct & Overlapping Debt	36.3954	54.3954	38.7954	56.7954	35.5354	53.5354
School District Rate	11.3500	29.3500	13.7600	31.7600	10.5000	28.5000
Combined City & County Rate	24.9943	24.9943	24.9943	24.9943	24.9943	24.9943
1999 Total Direct & Overlapping Debt	36.3443	54.3443	38.7543	56.7543	35.4943	53.4943
School District Rate	11.3500	29.3500	13.1860	31.1860	10.5000	28.5000
Combined City & County Rate	24.6689	24.6689	24.6689	24.6689	24.6689	24.6689
2000 Total Direct & Overlapping Debt	36.0189	54.0189	37.8549	55.8549	35.1689	53.1689
School District Rate	14.1000	32.1000	13.2160	31.2160	10.5000	28.5000
Combined City & County Rate	24.5963	24.5963	24.5963	24.5963	24.5963	24.5963
2001 Total Direct & Overlapping Debt	38.6963	56.6963	37.8123	55.8123	35.0963	53.0963
School District Rate	14.1000	32.1000	13.2200	31.2200	10.5000	28.5000
Combined City & County Rate	24.6821	24.6821	24.6821	24.6821	24.6821	24.6821
2002 Total Direct & Overlapping Debt	38.7821	56.7821	37.9021	55.9021	35.1821	53.1821
School District Rate	14.1000	32.1000	13.2167	32.2167	10.1000	28.0730
Combined City & County Rate	25.9540	25.9540	25.9540	25.9540	25.9540	25.9540
2003 Total Direct & Overlapping Debt	40.0540	58.0540	39.1707	58.1707	36.0540	54.0270
School District Rate	13.1000	31.1000	12.7600	30.7600	8.4000	26.3730
Combined City & County Rate	25.7704	25.7704	25.7704	25.7704	25.7704	25.7704
2004 Total Direct & Overlapping Debt	38.8704	56.8704	38.5304	56.5304	34.1704	52.1434
School District Rate	14.1000	32.1000	13.7600	31.7600	9.6000	27.5730
Combined City & County Rate	25.6702	25.6702	25.6702	25.6702	25.6702	25.6702
2005 Total Direct & Overlapping Debt	39.7702	57.7702	39.4302	57.4302	35.2702	53.2432
School District Rate	14.1000	32.1000	13.7600	31.7600	9.6000	27.5730
Combined City & County Rate	26.3182	26.3182	26.3182	26.3182	26.3182	26.3182
2006 Total Direct & Overlapping Debt	40.4182	58.4182	40.0782	58.0782	35.9182	53.8912

	Total	County-wide Overlapping Debt						Total
Chapter 20	City-wide	Macomb		Huron Clinton		Macomb County		County-wide
Drain Debt	Direct Debt	Macomb I.S.D.	Community College	Metro Authority	S.M.A.R.T.	Operating	Drain Debt	Overlapping Debt
0.2600	16.5832	2.0367	1.6457	0.2236	0.3300	4.2000	0.0090	8.4450
0.2600	16.5832	2.0367	1.6539	0.2236	0.3300	4.2000	0.0080	8.4522
0.2600	16.5832	2.0363	1.6134	0.2235	0.3299	4.2000	0.0080	8.4111
0.2600	16.3068	2.0210	1.5840	0.2218	0.3273	4.2000	0.0080	8.3621
0.2600	16.3068	2.0210	1.5140	0.2202	0.3273	4.2000	0.0070	8.2895
0.2600	16.2600	2.0033	1.6707	0.2186	0.3235	4.2000	0.0060	8.4221
0.2600	16.2524	2.9863	1.6925	0.2170	0.6000	4.2000	0.0058	9.7016
-	16.1924	2.9729	1.5859	0.2161	0.5973	4.2000	0.0058	9.5780
-	16.1924	2.9615	1.5002	0.2154	0.5949	4.2000	0.0058	9.4778
-	16.9424	2.9430	1.4212	0.2146	0.5912	4.2000	0.0058	9.3758

	School District Overlapping Debt					
	Center Line		Warren Woods		Warren Consolidated	
	Homestead Property	Non - Homestead	Homestead Property	Non - Homestead	Homestead Property	Non - Homestead
School District Rate	24.8461	24.8461	12.6000	30.6000	16.0106	25.0000
Combined City & County Rate	25.0282	25.0282	25.0282	25.0282	25.0282	25.0282
1997 Total Direct & Overlapping Debt	49.8743	49.8743	37.6282	55.6282	41.0388	50.0282
School District Rate	24.7350	24.7350	12.6000	30.6000	15.8266	25.0000
Combined City & County Rate	25.0354	25.0354	25.0354	25.0354	25.0354	25.0354
1998 Total Direct & Overlapping Debt	49.7704	49.7704	37.6354	55.6354	40.8620	50.0354
School District Rate	24.4403	24.4403	12.6000	30.6000	15.7776	25.0000
Combined City & County Rate	24.9943	24.9943	24.9943	24.9943	24.9943	24.9943
1999 Total Direct & Overlapping Debt	49.4346	49.4346	37.5943	55.5943	40.7719	49.9943
School District Rate	24.3640	24.3640	12.6000	30.6000	15.3459	25.0000
Combined City & County Rate	24.6689	24.6689	24.6689	24.6689	24.6689	24.6689
2000 Total Direct & Overlapping Debt	49.0329	49.0329	37.2689	55.2689	40.0148	49.6689
School District Rate	24.3640	25.0000	12.6000	30.6000	14.8163	25.0000
Combined City & County Rate	24.5963	24.5963	24.5963	24.5963	24.5963	24.5963
2001 Total Direct & Overlapping Debt	48.9603	49.5963	37.1963	55.1963	39.4126	49.5963
School District Rate	24.3640	25.0000	12.6000	30.6000	16.1471	26.2500
Combined City & County Rate	24.6821	24.6821	24.6821	24.6821	24.6821	24.6821
2002 Total Direct & Overlapping Debt	49.0461	49.6821	37.2821	55.2821	40.8292	50.9321
School District Rate	25.2111	26.0000	12.6000	30.6000	16.9626	27.4964
Combined City & County Rate	25.9540	25.9540	25.9540	25.9540	25.9540	25.9540
2003 Total Direct & Overlapping Debt	51.1651	51.9540	38.5540	56.5540	42.9166	53.4504
School District Rate	23.8646	25.0000	11.6000	29.6000	15.6806	26.3464
Combined City & County Rate	25.7704	25.7704	25.7704	25.7704	25.7704	25.7704
2004 Total Direct & Overlapping Debt	49.6350	50.7704	37.3704	55.3704	41.4510	52.1168
School District Rate	24.5354	26.0000	12.6000	30.6000	16.0426	27.2764
Combined City & County Rate	25.6702	25.6702	25.6702	25.6702	25.6702	25.6702
2005 Total Direct & Overlapping Debt	50.2056	51.6702	38.2702	56.2702	41.7128	52.9466
School District Rate	23.5778	26.0000	12.6000	30.6000	15.9930	27.2764
Combined City & County Rate	26.3182	26.3182	26.3182	26.3182	26.3182	26.3182
2006 Total Direct & Overlapping Debt	49.8960	52.3182	38.9182	56.9182	42.3112	53.5946

CITY OF WARREN, MICHIGAN
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

	Year Ended June 30, 2006			Year Ended June 30, 1997		
	Taxable Value	Rank	Percent of Total Taxable Value	Taxable Value	Rank	Percent of Total Taxable Value
General Motors	\$ 571,126,991	1	11.93%	\$ 391,775,604	1	11.66%
Daimler-Chrysler/DCX	308,366,406	2	6.44%	219,940,576	2	6.55%
Detroit Edison	43,987,763	3	0.92%	50,038,110	4	1.49%
Art Van Furniture	28,186,649	4	0.59%	19,021,370	5	0.57%
International Transmission	15,765,191	5	0.33%	-	-	-
E.D.S.	15,737,937	6	0.33%	50,146,400	3	1.49%
Iroquois Industries	12,421,029	7	0.26%	-	-	-
Flex-N-Gate	10,338,043	8	0.22%	-	-	-
Consumers Energy	9,399,542	9	0.20%	14,023,100	8	0.42%
Ramco Hoover Eleven	9,209,610	10	0.19%	-	-	-
Universal City Center	-	-	-	16,446,760	6	0.49%
Cold Heading & Ajax Material	-	-	-	15,540,921	7	0.46%
Modern Engineering	-	-	-	10,273,080	9	0.31%
General Electric-Carboly	-	-	-	9,532,460	10	0.28%
Ten largest taxpayers	1,024,539,161		21.41%	796,738,381		23.72%
Other taxpayers	3,761,489,435		78.59%	2,562,335,810		76.28%
Total taxable value	<u>\$ 4,786,028,596</u>		<u>100.00%</u>	<u>\$ 3,359,074,191</u>		<u>100.00%</u>

CITY OF WARREN, MICHIGAN
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Tax Year	Fiscal Year	Total Tax Levy	Returned Delinquent		Collected by March 1	Percent Collected by March 1	Delq. Real Property Taxes Reimbursed by Macomb County
			Real Property	Personal Property			
1996	1997	54,724,092	(1,448,164)	(260,805)	53,015,123	96.88%	1,448,164
1997	1998	57,067,718	(1,461,565)	(268,739)	55,337,414	96.97%	1,461,565
1998	1999	59,618,060	(1,766,971)	(320,281)	57,530,808	96.50%	1,766,971
1999	2000	61,075,857	(1,674,105)	(309,091)	59,092,661	96.75%	1,674,105
2000	2001	62,089,403	(1,569,707)	(564,895)	59,954,801	96.56%	1,569,707
2001	2002	64,867,996	(1,807,180)	(730,973)	62,329,843	96.09%	1,807,180
2002	2003	68,063,602	(1,921,053)	(899,682)	65,242,867	95.86%	1,921,053
2003	2004	69,103,197	(2,093,752)	(808,009)	66,201,436	95.80%	2,093,752
2004	2005	71,479,514	(2,012,871)	(953,863)	68,512,780	95.85%	2,012,871
2005	2006	76,728,050	(2,710,021)	(467,085)	73,550,944	95.86%	2,710,021

Notes: (1) The schedule above does not include any levies or delinquencies relative to the 1.0% administrative fee assessed on county and school taxes collected by the city.

(2) On November 9, 2005 the Warren City Council approved a proposed settlement agreement with DTE Energy in regards to utility assessments. Under the terms of the agreement, provided the City uses approved State Tax Commission (STC) multiplier tables for the tax years 2006, 2007 and 2008, DTE Energy will pay personal property taxes for the 1997, 1998, 1999 and 2005 tax years as previously assessed. In addition, effective October 2007 and for the four years thereafter, the STC will issue an order to strike outstanding personal property taxes for the 2000, 2001, 2002, 2003 and 2004 tax years. Ultimately, outstanding delinquent personal property taxes totaling approximately \$1.1 million will be stricken. Funds will be appropriated in each budget year as the order to strike is received. These delinquent personal property taxes are reflected in the governmental funds balance sheet as part of "fund balance – reserved for accounts receivable" as of June 30, 2006.

Personal Property Taxes Collected March 1 - June 30	Collected Within Fiscal Year of Levy	Percent Collected in Fiscal Year	Subsequent to Tax Year		Receivable as of June 30, 2006	Total Collections To Date	Percentage of Adjusted Tax Levy Collected To-Date
			STC, MTT and BOR Adjustments	Personal Property Tax Write Off			
113,429	54,576,716	99.73%	-	(55,628)	-	54,668,464	99.90%
29,500	56,828,479	99.58%	2,307	(65,843)	-	57,004,182	99.88%
100	59,297,879	99.46%	3,737	(92,512)	-	59,529,285	99.84%
52,838	60,819,604	99.58%	57,317	(38,501)	-	61,094,673	99.94%
36,161	61,560,669	99.15%	37,889	(29,304)	260,864	61,837,124	99.53%
-	64,137,023	98.87%	139,403	(73,496)	357,594	64,576,309	99.34%
41,387	67,205,307	98.74%	123,456	-	492,081	67,694,977	99.28%
72,446	68,367,634	98.94%	135,870	-	517,829	68,721,238	99.25%
149,937	70,675,588	98.88%	26,257	-	573,646	70,932,125	99.20%
133,554	76,394,519	99.57%	13,998	-	347,529	76,394,519	99.55%

CITY OF WARREN, MICHIGAN

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING AND NET OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

Governmental Activities - General Bonded Debt							
	Installment Purchase Agreements	Land Contract	Michigan Strategic Fund Loan	South Macomb Disposal Authority	Building Authority Bonds	Tax Increment Finance Authority Bonds	Downtown Development Authority Bonds
1997	\$ 4,485,278	\$ 1,105,191	\$ -	\$ -	\$ 4,450,000	\$ 1,990,000	\$ -
1998	6,018,423	1,060,323	-	-	4,150,000	1,925,000	-
1999	4,729,733	1,012,722	2,453,566	-	3,333,333	1,950,000	-
2000	2,418,428	962,222	3,000,000	-	2,916,667	1,845,000	-
2001	1,702,679	908,647	3,000,000	7,644,000	15,333,333	1,720,000	-
2002	1,233,144	851,809	3,000,000	7,644,000	17,608,720	1,595,000	-
2003	755,693	791,510	-	-	16,725,386	1,465,000	20,000,000
2004	473,636	727,538	-	-	15,476,137	1,310,000	40,000,000
2005	227,834	659,671	-	-	19,384,018	1,150,000	60,000,000
2006	78,209	587,670	-	-	19,020,232	990,000	75,000,000

Other Governmental Activities Debt				Business-type Activities			
Michigan Transportation Bonds	Special Assessment Bonds	Available in Debt Service Funds	Total Net Governmental Activities Debt	Installment Purchase Agreements	Building Authority Senior Citizen Housing	Water and Sewer System	
1997	\$ 11,165,000	\$ -	\$ 28,983,780	\$ 132,881	\$ 10,515,000	\$ 3,125,000	
1998	14,645,000	-	31,775,725	79,343	10,210,000	3,540,000	
1999	13,365,000	-	30,145,314	56,687	9,905,000	3,096,667	
2000	11,875,000	-	25,505,594	34,031	9,605,000	2,963,333	
2001	15,270,000	-	47,194,035	11,375	9,255,000	2,596,667	
2002	13,590,000	-	46,239,353	-	9,085,000	2,210,000	
2003	12,180,000	1,145,000	(808,965)	-	8,955,000	2,069,613	
2004	16,305,000	2,773,969	(2,437,207)	-	8,850,000	1,158,863	
2005	14,760,000	3,924,409	(2,941,068)	-	8,825,000	195,982	
2006	13,230,000	3,076,239	(2,672,923)	-	8,260,000	159,768	

Comments:

The ratios presented are required by Governmental Accounting Standards Board (GASB) Statement No. 44. While the ratios are an indication of the burden of debt on the City of Warren's citizenry and business community as a whole, in many cases the repayment of the debt will be financed by select taxpayers, users or other sources of revenue. In other cases, the debt burden is shared by not only the citizenry but also by the business community, further distorting per capita ratios. The narrative that follows focuses on debt to be repaid by sources other than property taxes levied on the citywide tax base. Excluding these items from the tables presented above would dramatically affect the ratios presented.

- (a) Debt service requirements for the Tax Increment Finance Authority Bonds and Downtown Development Authority Bonds are derived from the capture of incremental tax revenues on properties within the respective authority's defined geographic boundaries.
- (b) Debt service requirements for the Michigan Transportation Bonds are derived from the receipt of state shared gas and weight taxes.
- (c) Debt service requirements for the Special Assessment Bonds are derived from the receipt of installment payments from taxpayers whose property directly benefited from either the City's sidewalk replacement or tree removal program.
- (d) Debt service requirements for the Building Authority Senior Housing Bonds are derived from the receipt of rental payments from residents of the Joseph Coach Manor senior housing complex.
- (e) Debt service requirements for the Water and Sewer Bonds are received from residential as well as commercial and industrial users of the system.

Sources:

- (1) 1990 U.S. Census Bureau - FY 1997 - 1999; 2000 U.S. Census Bureau - FY 2000;
Southeast Michigan Council of Governments - Estimated Population - FY 2001 - 2006
- (2) 1990 and 2000 U.S. Census Bureau

Governmental Activities - General Bonded Debt

County Drain Bonds	Amounts Available in Debt Service Funds	Total Net General Bonded Debt	Taxable Value of Property	Percentage of Taxable Value of Property	Estimated Population (1)	Per Capita
\$ 6,250,723	(462,412)	\$ 17,818,780	\$ 3,359,074,191	0.53%	144,864	\$ 123.00
4,609,923	(632,944)	17,130,725	3,520,134,610	0.49%	144,864	118.25
4,110,000	(809,040)	16,780,314	3,680,323,478	0.46%	144,864	115.83
3,630,000	(1,141,723)	13,630,594	3,829,087,680	0.36%	138,247	98.60
3,150,000	(1,534,624)	31,924,035	3,895,222,704	0.82%	137,282	232.54
2,575,000	(1,858,320)	32,649,353	4,109,905,229	0.79%	137,323	237.76
2,005,000	(2,246,410)	39,496,179	4,351,936,983	0.91%	137,394	287.47
1,440,000	(1,605,137)	57,822,174	4,633,223,688	1.25%	135,971	425.25
880,000	(1,002,023)	81,299,500	4,485,816,391	1.81%	135,572	599.68
220,000	(220,000)	95,676,111	4,786,028,596	2.00%	135,375	706.75

Business-type Activities

Total Primary Government

Water and Sewer Revenue Bonds	Total Business-type Activities Debt	Total Net Primary Government Debt	Per Capita Income (2)	Percentage of Total Per Capita Income	Per Capita
\$ 12,240,000	\$ 26,012,881	\$ 54,996,661	\$ 15,224	2.49%	\$ 379.64
12,105,000	25,934,343	57,710,068	15,224	2.62%	398.37
11,965,000	25,023,354	55,168,668	15,224	2.50%	380.83
23,920,000	36,522,364	62,027,958	21,407	2.10%	448.67
37,455,000	49,318,042	96,512,077	21,407	3.28%	703.02
37,230,000	48,525,000	94,764,353	21,407	3.22%	690.08
36,620,000	47,644,613	99,656,827	21,407	3.39%	725.34
37,793,016	47,801,879	122,265,815	21,407	4.20%	899.21
44,789,812	53,810,794	150,853,635	21,407	5.20%	1,112.72
52,670,356	61,090,124	170,399,551	21,407	5.88%	1,258.72

EXHIBIT D-10

CITY OF WARREN, MICHIGAN
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

June 30, 2006

Net Direct debt:

Installment Purchase Agreement:			
Honeywell Energy System	Building improvements	\$	78,209
Land Contract:			
DPW Garage	Building acquisition		587,670
Building Authority Bonds:			
Series 2001	Warren Community Center	\$	1,850,000
Series 2002	Capital equipment		1,715,232
Series 2005	Capital equipment		4,780,000
Refunding Series 2005	Warren Community Center	<u>10,675,000</u>	19,020,232
Tax Increment Finance Authority:			
Series 1991	TIFA District development	480,000	
Series 1999	Refunding issue	<u>510,000</u>	990,000
Downtown Development Authority:			
Series 2002	City Center development	20,000,000	
Series 2003	City Center development	20,000,000	
Series 2004	City Center development	20,000,000	
Series 2005	City Center development	<u>15,000,000</u>	75,000,000
County Drain Bonds:			
Warren Sanitary Drain	Refunding issue	220,000	
Less amounts available in debt service funds		<u>(220,000)</u>	-
Michigan Transportation Bonds:			
Series 1997	Road improvements	2,220,000	
Series 2000	Road improvements	4,665,000	
Series 2003	Refunding issue	1,145,000	
Series 2003	Road improvements	<u>5,200,000</u>	13,230,000
Special Assessment Bonds:			
Series 2002	Sidewalk replacement program	425,000	
Series 2003	Sidewalk replacement program	966,239	
Series 2005	Sidewalk replacement program	1,685,000	
Less amounts available in debt service funds		<u>(2,672,923)</u>	403,316
			109,309,427
Less:			
Michigan Transportation Bonds		(13,230,000)	
Special Assessment Bonds		<u>(403,316)</u>	<u>(13,633,316)</u>
Net direct debt to be repaid with property taxes			95,676,111

Overlapping Debt:

Macomb County:			
County at large	15.30%	72,659,479	11,116,900
Macomb Intermediate School District	14.98%	2,500,000	374,500
Local School Districts:			
Center Line	64.69%	14,990,000	9,697,031
East Detroit	20.43%	26,165,000	5,345,510
Fitzgerald	100.00%	46,720,000	46,720,000
Van Dyke	98.00%	10,200,000	9,996,000
Warren Consolidated	49.01%	152,642,000	74,809,844
Warren Woods	100.00%	48,755,000	<u>48,755,000</u>

Net direct debt outstanding and overlapping debt **\$ 302,490,896**

CITY OF WARREN, MICHIGAN
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

	Fiscal Year				
	1997	1998	1999	2000	2001
Assessed value	\$ 3,421,969,891	\$ 3,658,042,790	\$ 3,904,512,898	\$ 4,188,206,240	\$ 4,356,985,019
Debt limit (10% of assessed value)	\$ 342,196,989	\$ 365,804,279	\$ 390,451,290	\$ 418,820,624	\$ 435,698,502
Total debt applicable to debt limit	-	-	-	-	-
Legal debt margin	\$ 342,196,989	\$ 365,804,279	\$ 390,451,290	\$ 418,820,624	\$ 435,698,502
Total debt applicable to the debt limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%

	Fiscal Year				
	2002	2003	2004	2005	2006
Assessed value	\$ 4,667,996,729	\$ 5,244,712,663	\$ 5,594,012,321	\$ 5,456,278,690	\$ 5,730,657,941
Debt limit (10% of assessed value)	\$ 466,799,673	\$ 524,471,266	\$ 559,401,232	\$ 545,627,869	\$ 573,065,794
Total debt applicable to debt limit	-	-	-	-	-
Legal debt margin	\$ 466,799,673	\$ 524,471,266	\$ 559,401,232	\$ 545,627,869	\$ 573,065,794
Total debt applicable to the debt limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%

Section 8.11 of the Warren City Charter limits the net bonded indebtedness incurred for all public purposes to ten percent of the assessed value of all real and personal property in the city. Net bonded indebtedness applicable to the legal debt margin is defined as general obligation bonds, the principal and interest of which are payable from taxes levied upon taxable real and personal property in the city and for payment of which the full faith and credit of the city are pledged, when authorized by a three-fifths vote of the electors voting thereon at any general or special election.

CITY OF WARREN, MICHIGAN
PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS

Building Authority - Senior Housing Bonds (1)							
Fiscal Year	Operating Revenue	Direct Operating Expense	Net Revenue Available for Debt Service	Debt Service			Coverage
				Principal	Interest	Total	
1997	\$ 1,165,340	\$ 230,563	\$ 934,777	\$ 250,000	\$ 699,100	\$ 949,100	0.98
1998	1,196,872	291,198	905,674	305,000	609,526	914,526	0.99
1999	1,233,185	284,025	949,160	305,000	578,176	883,176	1.07
2000	1,248,416	302,505	945,911	300,000	547,001	847,001	1.12
2001	1,282,010	411,592	870,418	350,000	515,226	865,226	1.01
2002	1,274,805	373,870	900,935	170,000	494,659	664,659	1.36
2003	1,301,852	463,039	838,813	130,000	487,051	617,051	1.36
2004	1,304,157	419,674	884,483	105,000	481,033	586,033	1.51
2005	1,333,913	502,418	831,495	200,000	258,763	458,763	1.81
2006	1,360,742	469,765	890,977	565,000	333,850	898,850	0.99

(1) Building Authority Bonds were issued for the purpose of constructing the 244 unit senior citizen housing complex known as Jos. Coach Manor. Pursuant to certain Lease Contracts between the Building Authority and the City, the bonds were issued in anticipation of Cash Rentals from the City in amounts sufficient to pay the principal and interest on the bonds when due. The Cash Rentals constitute a full faith and credit general obligation of the City and the City is required to provide sufficient monies in its annual budget for the payment thereof and if necessary, to levy ad valorem taxes on all taxable property within its boundaries. The City's intent then as it is now, is that rental revenues generated from Jos. Coach Manor would be sufficient to pay the principal and interest on the bonds when due. The rental revenue stream has exceeded the debt service requirements due to steady occupancy rates and debt refinancing and the City has not, nor does it anticipate the need to appropriate any general fund monies.

Michigan Transportation Bonds						
Fiscal Year	Prior Fiscal Year Gas & Weight Taxes	Current Fiscal Year Pledge (50%)	Debt Service			Coverage
			Principal	Interest	Total	
1997	\$ 6,032,805	\$ 3,016,403	\$ 915,000	\$ 677,881	\$ 1,592,881	1.89
1998	6,013,050	3,006,525	1,185,000	702,619	1,887,619	1.59
1999	7,296,181	3,648,091	1,280,000	712,581	1,992,581	1.83
2000	7,663,789	3,831,895	1,490,000	651,225	2,141,225	1.79
2001	8,241,342	4,120,671	1,770,000	768,920	2,538,920	1.62
2002	8,280,939	4,140,470	1,680,000	748,605	2,428,605	1.70
2003	8,161,941	4,080,971	1,410,000	668,096	2,078,096	1.96
2004	8,227,899	4,113,950	1,560,000	556,380	2,116,380	1.94
2005	8,873,331	4,436,666	1,545,000	628,533	2,173,533	2.04
2006	8,579,546	4,289,773	1,530,000	587,152	2,117,152	2.03

Special Assessment Bonds (2)							
Fiscal Year	S/A		Transferred to Debt Funds	Debt Service			Coverage
	Collections (3)	Interest (4)		Principal	Interest	Total	
1997	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
1998	-	-	-	-	-	-	N/A
1999	-	-	-	-	-	-	N/A
2000	-	-	-	-	-	-	N/A
2001	-	-	-	-	-	-	N/A
2002	-	-	-	-	-	-	N/A
2003	1,433,178	-	1,433,178	-	16,683	16,683	85.91
2004	1,528,997	234,592	1,763,589	675,488	70,154	745,642	2.37
2005	851,422	392,063	1,243,485	684,561	59,876	744,437	1.67
2006	690,910	-	690,910	848,170	110,224	958,394	0.72

(2) The Special Assessment Bonds Series 2002 were issued in anticipation of the collection of certain outstanding special assessments for sidewalk replacements which became due on or after July 1, 2003. The Capital Improvement Bonds Series 2003 and Series 2005 were likewise issued to finance citywide sidewalk improvements. Even though the City has pledged the levy of taxes for the repayment of principal and interest on the Capital Improvement Bonds, the City has designated the collections from certain special assessment districts to meet the debt service requirements.

(3) Property owners commonly elect to make special assessment payments up-front rather than in installments to avoid paying interest. This creates uneven revenue streams in relation to the respective debt service.

(4) The entire amount of interest required for debt service on the Special Assessment Bonds Series 2002 and Capital Improvement Bonds Series 2003 and Series 2005 has been transferred to its respective debt service fund. Funds previously transferred from the Tank Plant Redevelopment Fund to the Sidewalk and Tree Revolving Fund were utilized to satisfy the interest requirements.

Water and Sewer System (3)							
Fiscal Year	Operating Revenue	Direct Operating Expense	Net Revenue Available for Debt Service	Debt Service			Coverage
				Principal	Interest	Total	
1996	\$ 20,406,696	\$ 17,875,466	\$ 2,531,230	\$ 355,000	\$ 816,917	\$ 1,171,917	2.16
1997	20,296,965	19,320,445	976,520	470,000	853,413	1,323,413	0.74
1998	22,963,790	19,263,990	3,699,800	500,000	779,282	1,279,282	2.89
1999	24,894,068	21,357,566	3,536,502	195,000	1,189,751	1,384,751	2.55
2000	23,077,520	21,392,682	1,684,838	465,000	1,448,749	1,913,749	0.88
2001	26,035,549	21,764,797	4,270,752	495,000	2,000,609	2,495,609	1.71
2002	28,156,665	23,609,474	4,547,191	520,000	1,906,551	2,426,551	1.87
2003	26,992,448	24,891,280	2,101,168	1,405,000	1,844,467	3,249,467	0.65
2004	26,928,099	25,483,252	1,444,847	1,534,512	1,871,595	3,406,107	0.42
2005	30,329,100	26,442,209	3,886,891	1,745,439	1,710,971	3,456,410	1.12

(3) Fiscal year end of December 31.

EXHIBIT D-13

CITY OF WARREN, MICHIGAN

DEBT SERVICE REQUIREMENTS TO MATURITY - INSTALLMENT PURCHASE AGREEMENTS

June 30, 2006

Honeywell Energy System	Fiscal Year	Principal	Interest Rate	Interest	Total Requirements
Issued: December 20, 1996	2007	\$ 78,209.16	5.950%	\$ 1,362.84	\$ 79,572.00
Payment dates:					
Principal: 20th of each month					
Interest: 20th of each month					
Total Installment Purchase Requirements		\$ 78,209.16		\$ 1,362.84	\$ 79,572.00

DEBT SERVICE REQUIREMENTS TO MATURITY - LAND CONTRACTS

DPW Garage	Fiscal Year	Principal	Interest Rate	Interest	Total Requirements
Issued: July 1, 1991	2007	\$ 76,385.40	6.000%	\$ 34,131.38	\$ 110,516.78
Payment dates:	2008	81,037.27	6.000%	29,479.51	110,516.78
Principal: July 1 and January 1	2009	85,972.44	6.000%	24,544.34	110,516.78
Interest: July 1 and January 1	2010	91,208.16	6.000%	19,308.62	110,516.78
	2011	96,762.73	6.000%	13,754.05	110,516.78
	2012	102,655.59	6.000%	7,861.19	110,516.78
	2013	53,648.79	6.000%	1,609.60	55,258.39
Total Land Contract Requirements		\$ 587,670.38		\$ 130,688.69	\$ 718,359.07

DEBT SERVICE REQUIREMENTS TO MATURITY - SPECIAL ASSESSMENT BONDS

Special Assessment Bonds Series 2002	Fiscal Year	Principal	Interest Rate	Interest	Total Requirements
Issued: October 1, 2002	2007	\$ 240,000.00	2.000%	\$ 7,625.00	\$ 247,625.00
Payment dates:	2008	185,000.00	2.500%	2,312.50	187,312.50
Principal: December 1					
Interest: December 1 and June 1		\$ 425,000.00		\$ 9,937.50	\$ 434,937.50
Capital Improvement Bonds Series 2003					
Issued: July 1, 2003	2007	\$ 471,778.66	2.250%	\$ 21,740.38	\$ 493,519.04
Payment dates:	2008	494,460.33	2.250%	11,125.36	505,585.69
Principal: June 1					
Interest: December 1 and June 1		\$ 966,238.99		\$ 32,865.74	\$ 999,104.73
Capital Improvement Bonds Series 2005					
Issued: June 1, 2005	2007	\$ 150,000.00	3.250%	\$ 60,275.00	\$ 210,275.00
Payment dates:	2008	175,000.00	3.250%	55,400.00	230,400.00
Principal: June 1	2009	175,000.00	3.250%	49,712.50	224,712.50
Interest: December 1 and June 1	2010	175,000.00	3.500%	44,025.00	219,025.00
	2011	200,000.00	3.500%	37,900.00	237,900.00
	2012	200,000.00	3.500%	30,900.00	230,900.00
	2013	200,000.00	3.750%	23,900.00	223,900.00
	2014	200,000.00	4.000%	16,400.00	216,400.00
	2015	210,000.00	4.000%	8,400.00	218,400.00
		\$ 1,685,000.00		\$ 326,912.50	\$ 2,011,912.50
Total Special Assessment Bonds Debt Service Requirements		\$ 3,076,238.99		\$ 369,715.74	\$ 3,445,954.73

CITY OF WARREN, MICHIGAN

DEBT SERVICE REQUIREMENTS TO MATURITY - MICHIGAN TRANSPORTATION BONDS

June 30, 2006

	Fiscal Year	Principal	Interest Rate	Interest	Total Requirements
Series 1997					
Issued: August 1, 1997	2007	\$ 320,000.00	4.800%	\$ 110,670.00	\$ 430,670.00
Payment dates:	2008	340,000.00	4.850%	95,310.00	435,310.00
Principal: June 1	2009	360,000.00	5.000%	78,820.00	438,820.00
Interest: December 1 and June 1	2010	380,000.00	5.000%	60,820.00	440,820.00
Major Street Portion 100%	2011	400,000.00	5.100%	41,820.00	441,820.00
	2012	420,000.00	5.100%	21,420.00	441,420.00
		<u>\$ 2,220,000.00</u>		<u>\$ 408,860.00</u>	<u>\$ 2,628,860.00</u>
Series 2000					
Issued: September 1, 2000	2007	\$ 400,000.00	4.500%	\$ 225,155.00	\$ 625,155.00
Payment dates:	2008	400,000.00	4.600%	207,155.00	607,155.00
Principal: June 1	2009	400,000.00	4.600%	188,755.00	588,755.00
Interest: December 1 and June 1	2010	465,000.00	4.700%	170,355.00	635,355.00
Major Street Portion 100%	2011	500,000.00	4.800%	148,500.00	648,500.00
	2012	500,000.00	4.900%	124,500.00	624,500.00
	2013	500,000.00	5.000%	100,000.00	600,000.00
	2014	500,000.00	5.000%	75,000.00	575,000.00
	2015	500,000.00	5.000%	50,000.00	550,000.00
	2016	500,000.00	5.000%	25,000.00	525,000.00
		<u>\$ 4,665,000.00</u>		<u>\$ 1,314,420.00</u>	<u>\$ 5,979,420.00</u>
Series 2003 - Refunding					
Issued: August 1, 2003	2007	\$ 580,000.00	2.500%	\$ 30,037.50	\$ 610,037.50
Payment dates:	2008	565,000.00	2.750%	15,537.50	580,537.50
Principal: June 1					
Interest: December 1 and June 1		<u>\$ 1,145,000.00</u>		<u>\$ 45,575.00</u>	<u>\$ 1,190,575.00</u>
Major Street Portion 93.00%					
Local Street Portion 7.00%					
Series 2003					
Issued: December 1, 2003	2007	\$ 100,000.00	2.300%	\$ 179,400.00	\$ 279,400.00
Payment dates:	2008	100,000.00	2.350%	177,100.00	277,100.00
Principal: June 1	2009	500,000.00	2.600%	174,750.00	674,750.00
Interest: December 1 and June 1	2010	500,000.00	2.900%	161,750.00	661,750.00
Major Street Portion 100%	2011	500,000.00	3.150%	147,250.00	647,250.00
	2012	500,000.00	3.400%	131,500.00	631,500.00
	2013	500,000.00	3.500%	114,500.00	614,500.00
	2014	500,000.00	3.650%	97,000.00	597,000.00
	2015	500,000.00	3.750%	78,750.00	578,750.00
	2016	500,000.00	3.900%	60,000.00	560,000.00
	2017	500,000.00	4.000%	40,500.00	540,500.00
	2018	500,000.00	4.100%	20,500.00	520,500.00
		<u>\$ 5,200,000.00</u>		<u>\$ 1,383,000.00</u>	<u>\$ 6,583,000.00</u>
Total Michigan Transportation Bonds					
Debt Service Requirements		<u>\$ 13,230,000.00</u>		<u>\$ 3,151,855.00</u>	<u>\$ 16,381,855.00</u>

CITY OF WARREN, MICHIGAN

DEBT SERVICE REQUIREMENTS TO MATURITY - DOWNTOWN DEVELOPMENT AUTHORITY BONDS

June 30, 2006

Series 2002	Fiscal Year	Principal	Interest Rate	Interest	Total Requirements
Issued: June 1, 2002	2007	\$ 500,000.00	3.625%	\$ 950,062.50	\$ 1,450,062.50
Payment dates:	2008	500,000.00	3.750%	931,625.00	1,431,625.00
Principal: October 1	2009	500,000.00	3.875%	912,562.50	1,412,562.50
Interest: October 1 and April 1	2010	500,000.00	4.125%	892,562.50	1,392,562.50
	2011	500,000.00	4.250%	871,625.00	1,371,625.00
	2012	500,000.00	4.300%	850,250.00	1,350,250.00
	2013	500,000.00	4.400%	828,500.00	1,328,500.00
	2014	750,000.00	4.500%	800,625.00	1,550,625.00
	2015	750,000.00	4.500%	766,875.00	1,516,875.00
	2016	750,000.00	5.000%	731,250.00	1,481,250.00
	2017	1,250,000.00	5.000%	681,250.00	1,931,250.00
	2018	1,250,000.00	5.000%	618,750.00	1,868,750.00
	2019	1,250,000.00	5.000%	556,250.00	1,806,250.00
	2020	1,500,000.00	5.000%	487,500.00	1,987,500.00
	2021	1,500,000.00	5.000%	412,500.00	1,912,500.00
	2022	1,500,000.00	5.000%	337,500.00	1,837,500.00
	2023	1,500,000.00	5.000%	262,500.00	1,762,500.00
	2024	1,500,000.00	5.000%	187,500.00	1,687,500.00
	2025	1,500,000.00	5.000%	112,500.00	1,612,500.00
	2026	1,500,000.00	5.000%	37,500.00	1,537,500.00
		<u>\$ 20,000,000.00</u>		<u>\$ 12,229,687.50</u>	<u>\$ 32,229,687.50</u>
Series 2003					
Issued: July 1, 2003	2007	\$ -		\$ 771,250.00	\$ 771,250.00
Payment dates:	2008	500,000.00	3.000%	763,750.00	1,263,750.00
Principal: October 1	2009	500,000.00	3.000%	748,750.00	1,248,750.00
Interest: October 1 and April 1	2010	500,000.00	3.000%	733,750.00	1,233,750.00
	2011	500,000.00	3.000%	718,750.00	1,218,750.00
	2012	500,000.00	3.000%	703,750.00	1,203,750.00
	2013	500,000.00	3.250%	688,125.00	1,188,125.00
	2014	500,000.00	3.250%	671,875.00	1,171,875.00
	2015	750,000.00	3.500%	650,625.00	1,400,625.00
	2016	750,000.00	3.500%	624,375.00	1,374,375.00
	2017	750,000.00	3.750%	597,187.50	1,347,187.50
	2018	1,250,000.00	4.000%	558,125.00	1,808,125.00
	2019	1,250,000.00	4.000%	508,125.00	1,758,125.00
	2020	1,250,000.00	4.000%	458,125.00	1,708,125.00
	2021	1,500,000.00	4.000%	403,125.00	1,903,125.00
	2022	1,500,000.00	4.000%	343,125.00	1,843,125.00
	2023	1,500,000.00	4.000%	283,125.00	1,783,125.00
	2024	1,500,000.00	4.125%	222,187.50	1,722,187.50
	2025	1,500,000.00	4.250%	159,375.00	1,659,375.00
	2026	1,500,000.00	4.250%	95,625.00	1,595,625.00
	2027	1,500,000.00	4.250%	31,875.00	1,531,875.00
		<u>\$ 20,000,000.00</u>		<u>\$ 10,735,000.00</u>	<u>\$ 30,735,000.00</u>

CITY OF WARREN, MICHIGAN

DEBT SERVICE REQUIREMENTS TO MATURITY - DOWNTOWN DEVELOPMENT AUTHORITY BONDS

June 30, 2006

Series 2004	Fiscal Year	Principal	Interest Rate	Interest	Total Requirements
Issued: April 1, 2004	2007	\$ -		\$ 878,375.00	\$ 878,375.00
Payment dates:	2008	-		878,375.00	878,375.00
Principal: October 1	2009	500,000.00	3.250%	870,250.00	1,370,250.00
Interest: October 1 and April 1	2010	500,000.00	3.250%	854,000.00	1,354,000.00
	2011	500,000.00	3.250%	837,750.00	1,337,750.00
	2012	500,000.00	3.500%	820,875.00	1,320,875.00
	2013	500,000.00	3.750%	802,750.00	1,302,750.00
	2014	500,000.00	4.000%	783,375.00	1,283,375.00
	2015	500,000.00	4.000%	763,375.00	1,263,375.00
	2016	750,000.00	4.000%	738,375.00	1,488,375.00
	2017	750,000.00	4.500%	706,500.00	1,456,500.00
	2018	750,000.00	4.500%	672,750.00	1,422,750.00
	2019	1,250,000.00	4.500%	627,750.00	1,877,750.00
	2020	1,250,000.00	4.500%	571,500.00	1,821,500.00
	2021	1,250,000.00	4.500%	515,250.00	1,765,250.00
	2022	1,500,000.00	4.500%	453,375.00	1,953,375.00
	2023	1,500,000.00	4.500%	385,875.00	1,885,875.00
	2024	1,500,000.00	4.600%	317,625.00	1,817,625.00
	2025	1,500,000.00	4.625%	248,437.50	1,748,437.50
	2026	1,500,000.00	4.750%	178,125.00	1,678,125.00
	2027	1,500,000.00	4.750%	106,875.00	1,606,875.00
	2028	1,500,000.00	4.750%	35,625.00	1,535,625.00
		<u>\$ 20,000,000.00</u>		<u>\$ 13,047,187.50</u>	<u>\$ 33,047,187.50</u>
Series 2005					
Issued: December 1, 2005	2007	\$ -		\$ 662,250.00	\$ 662,250.00
Payment dates:	2008	-		662,250.00	662,250.00
Principal: October 1	2009	-		662,250.00	662,250.00
Interest: October 1 and April 1	2010	250,000.00	4.125%	657,093.75	907,093.75
	2011	250,000.00	4.125%	646,781.25	896,781.25
	2012	250,000.00	4.125%	636,468.75	886,468.75
	2013	250,000.00	4.125%	626,156.25	876,156.25
	2014	250,000.00	4.125%	615,843.75	865,843.75
	2015	250,000.00	4.125%	605,531.25	855,531.25
	2016	500,000.00	4.125%	590,062.50	1,090,062.50
	2017	500,000.00	4.125%	569,437.50	1,069,437.50
	2018	500,000.00	4.125%	548,812.50	1,048,812.50
	2019	500,000.00	4.200%	528,000.00	1,028,000.00
	2020	1,000,000.00	4.500%	495,000.00	1,495,000.00
	2021	1,000,000.00	4.500%	450,000.00	1,450,000.00
	2022	1,000,000.00	4.500%	405,000.00	1,405,000.00
	2023	1,000,000.00	4.500%	360,000.00	1,360,000.00
	2024	1,250,000.00	4.500%	309,375.00	1,559,375.00
	2025	1,250,000.00	4.500%	253,125.00	1,503,125.00
	2026	1,250,000.00	4.500%	196,875.00	1,446,875.00
	2027	1,250,000.00	4.500%	140,625.00	1,390,625.00
	2028	1,250,000.00	4.500%	84,375.00	1,334,375.00
	2029	1,250,000.00	4.500%	28,125.00	1,278,125.00
		<u>\$ 15,000,000.00</u>		<u>\$ 10,733,437.50</u>	<u>\$ 25,733,437.50</u>
Total Downtown Development Authority Debt Service Requirements		<u>\$ 75,000,000.00</u>		<u>\$ 46,745,312.50</u>	<u>\$ 121,745,312.50</u>

EXHIBIT D-13 (continued)

CITY OF WARREN, MICHIGAN

DEBT SERVICE REQUIREMENTS TO MATURITY - TAX INCREMENT FINANCE AUTHORITY BONDS

June 30, 2006

Series 1991	Fiscal Year	Principal	Interest Rate	Interest	Total Requirements
Issued: May 1, 1991	2007	\$ -	5.000%	\$ 24,000.00	\$ 24,000.00
Payment dates:	2008	-	5.000%	24,000.00	24,000.00
Principal: October 1	2009	-	5.000%	24,000.00	24,000.00
Interest: October 1 and April 1	2010	230,000.00	5.000%	18,250.00	248,250.00
	2011	250,000.00	5.000%	6,250.00	256,250.00
		<u>\$ 480,000.00</u>		<u>\$ 96,500.00</u>	<u>\$ 576,500.00</u>
Refunding Series 1999					
Issued: April 1, 1999	2007	\$ 170,000.00	4.150%	\$ 18,057.50	\$ 188,057.50
Payment dates:	2008	180,000.00	4.250%	10,705.00	190,705.00
Principal: October 1	2009	160,000.00	4.300%	3,440.00	163,440.00
Interest: October 1 and April 1					
		<u>\$ 510,000.00</u>		<u>\$ 32,202.50</u>	<u>\$ 542,202.50</u>
Total Tax Increment Finance Authority Debt Service Requirements		<u>\$ 990,000.00</u>		<u>\$ 128,702.50</u>	<u>\$ 1,118,702.50</u>

DEBT SERVICE REQUIREMENTS TO MATURITY - COUNTY DRAIN BONDS

Warren Sanitary Drain Refunding Series 1997	Fiscal Year	Principal	Interest Rate	Interest	Total Requirements
Issued: December 1, 1997	2007	\$ 220,000.00	4.450%	\$ 9,790.00	\$ 229,790.00
Payment dates:					
Principal: January 1					
Interest: July 1 and January 1					
Total County Drain Bond Debt Service Requirements		<u>\$ 220,000.00</u>		<u>\$ 9,790.00</u>	<u>\$ 229,790.00</u>

DEBT SERVICE REQUIREMENTS TO MATURITY - BUILDING AUTHORITY BONDS
(Governmental Activities)

Warren Community Center Series 2001	Fiscal Year	Principal	Interest Rate	Interest	Total Requirements
Issued: July 1, 2001	2007	\$ 350,000.00	4.600%	\$ 78,006.26	\$ 428,006.26
Payment dates:	2008	350,000.00	4.630%	61,862.51	411,862.51
Principal: November 1	2009	375,000.00	4.630%	45,096.88	420,096.88
Interest: November 1 and May 1	2010	375,000.00	4.700%	27,612.50	402,612.50
	2011	400,000.00	4.700%	9,400.00	409,400.00
		<u>\$ 1,850,000.00</u>		<u>\$ 221,978.15</u>	<u>\$ 2,071,978.15</u>

CITY OF WARREN, MICHIGAN

DEBT SERVICE REQUIREMENTS TO MATURITY - BUILDING AUTHORITY BONDS
(Governmental Activities)

June 30, 2006

Multi-Purpose Bonds Series 2002	Fiscal Year	Principal	Interest Rate	Interest	Total Requirements
Issued: March 1, 2002	2007	\$ 411,655.65	3.250%	\$ 52,200.22	\$ 463,855.87
Payment dates:	2008	411,655.65	3.250%	38,821.41	450,477.06
Principal: November 1	2009	434,525.41	3.250%	24,527.82	459,053.23
Interest: November 1 and May 1	2010	457,395.17	3.700%	8,461.81	465,856.98
		<u>\$ 1,715,231.88</u>		<u>\$ 124,011.26</u>	<u>\$ 1,839,243.14</u>
Multi-Purpose Bonds Series 2005					
Issued: June 1, 2005	2007	\$ 450,000.00	3.000%	\$ 176,450.00	\$ 626,450.00
Payment dates:	2008	475,000.00	3.500%	162,950.00	637,950.00
Principal: June 1	2009	500,000.00	3.500%	146,325.00	646,325.00
Interest: December 1 and June 1	2010	500,000.00	3.750%	128,825.00	628,825.00
	2011	525,000.00	3.750%	110,075.00	635,075.00
	2012	550,000.00	3.750%	90,387.50	640,387.50
	2013	575,000.00	3.750%	69,762.50	644,762.50
	2014	600,000.00	4.000%	48,200.00	648,200.00
	2015	605,000.00	4.000%	24,200.00	629,200.00
		<u>\$ 4,780,000.00</u>		<u>\$ 957,175.00</u>	<u>\$ 5,737,175.00</u>
Warren Community Center Refunding Series 2005					
Issued: August 1, 2005	2007	\$ 60,000.00	3.000%	\$ 440,792.50	\$ 500,792.50
Payment dates:	2008	60,000.00	3.000%	438,992.50	498,992.50
Principal: November 1	2009	60,000.00	3.250%	437,117.50	497,117.50
Interest: November 1 and May 1	2010	65,000.00	3.500%	435,005.00	500,005.00
	2011	65,000.00	3.500%	432,730.00	497,730.00
	2012	490,000.00	3.750%	422,405.00	912,405.00
	2013	515,000.00	4.000%	402,917.50	917,917.50
	2014	510,000.00	4.000%	382,417.50	892,417.50
	2015	535,000.00	4.000%	361,517.50	896,517.50
	2016	560,000.00	4.000%	339,617.50	899,617.50
	2017	585,000.00	4.000%	316,717.50	901,717.50
	2018	630,000.00	4.100%	292,102.50	922,102.50
	2019	650,000.00	4.150%	265,700.00	915,700.00
	2020	670,000.00	4.200%	238,142.50	908,142.50
	2021	695,000.00	4.250%	209,303.75	904,303.75
	2022	715,000.00	4.250%	179,341.25	894,341.25
	2023	760,000.00	4.250%	147,997.50	907,997.50
	2024	780,000.00	4.250%	115,272.50	895,272.50
	2025	820,000.00	4.300%	81,067.50	901,067.50
	2026	865,000.00	4.375%	44,515.63	909,515.63
	2027	585,000.00	4.375%	12,796.88	597,796.88
		<u>\$ 10,675,000.00</u>		<u>\$ 5,996,470.01</u>	<u>\$ 16,671,470.01</u>
Total Building Authority (Governmental Activities) Debt Service Requirements		<u>\$ 19,020,231.88</u>		<u>\$ 7,299,634.42</u>	<u>\$ 26,319,866.30</u>

CITY OF WARREN, MICHIGAN
DEBT SERVICE REQUIREMENTS TO MATURITY - BUILDING AUTHORITY BONDS
(Business-type Activities for the fiscal year ended June 30, 2006)
June 30, 2006

Senior Housing Refunding Series 2004	Fiscal Year	Principal	Interest Rate	Interest	Total Requirements
Issued: August 1, 2004	2007	\$ 545,000.00	2.500%	\$ 319,975.00	\$ 864,975.00
Payment dates:	2008	540,000.00	2.750%	305,737.50	845,737.50
Principal: November 1	2009	620,000.00	3.250%	288,237.50	908,237.50
Interest: November 1 and May 1	2010	625,000.00	3.375%	267,615.63	892,615.63
	2011	620,000.00	3.500%	246,218.76	866,218.76
	2012	610,000.00	3.750%	223,931.26	833,931.26
	2013	705,000.00	3.875%	198,834.38	903,834.38
	2014	895,000.00	4.000%	167,275.00	1,062,275.00
	2015	950,000.00	4.125%	129,781.25	1,079,781.25
	2016	1,075,000.00	5.000%	83,312.50	1,158,312.50
	2017	<u>1,075,000.00</u>	5.250%	<u>28,218.75</u>	<u>1,103,218.75</u>
		<u>\$ 8,260,000.00</u>		<u>\$ 2,259,137.53</u>	<u>\$ 10,519,137.53</u>

(Business-type Activities for the fiscal year ended December 31, 2005)

Water and Sewer System Multi-Purpose Bonds Series 2002					
Issued: August 1, 2004	2006	\$ 38,344.35	3.250%	\$ 5,485.38	\$ 43,829.73
Payment dates:	2007	38,344.35	3.250%	4,239.18	42,583.53
Principal: November 1	2008	40,474.59	3.500%	2,992.98	43,467.57
Interest: November 1 and May 1	2009	<u>42,604.83</u>	3.700%	<u>1,576.38</u>	<u>44,181.21</u>
		<u>\$ 159,768.12</u>		<u>\$ 14,293.92</u>	<u>\$ 174,062.04</u>
Total Building Authority (Business-type Activities) Debt Service Requirements		<u>\$ 8,419,768.12</u>		<u>\$ 2,273,431.45</u>	<u>\$ 10,693,199.57</u>
Total Building Authority (Governmental and Business-type Activities) Debt Service Requirements		<u>\$ 27,440,000.00</u>		<u>\$ 9,573,065.87</u>	<u>\$ 37,013,065.87</u>

CITY OF WARREN, MICHIGAN

DEBT SERVICE REQUIREMENTS TO MATURITY - WATER AND SEWER SYSTEM BONDS
(Business-type Activities for the fiscal year ended December 31, 2005)

Water and Sewer System Refunding Series 1999	Fiscal Year	Principal	Interest Rate	Interest	Total Requirements
Issued: February 1, 1999	2006	\$ 815,000.00	4.300%	\$ 452,430.00	\$ 1,267,430.00
Payment dates:	2007	855,000.00	4.300%	416,525.00	1,271,525.00
Principal: May 1	2008	890,000.00	4.300%	379,007.50	1,269,007.50
Interest: May 1 and November 1	2009	930,000.00	4.300%	339,877.50	1,269,877.50
	2010	975,000.00	4.300%	298,920.00	1,273,920.00
	2011	1,035,000.00	4.350%	255,446.25	1,290,446.25
	2012	1,080,000.00	4.500%	208,635.00	1,288,635.00
	2013	1,135,000.00	4.500%	158,797.50	1,293,797.50
	2014	1,060,000.00	4.600%	108,880.00	1,168,880.00
	2015	1,050,000.00	4.700%	59,825.00	1,109,825.00
	2016	740,000.00	4.750%	17,575.00	757,575.00
		<u>\$ 10,565,000.00</u>		<u>\$ 2,695,918.75</u>	<u>\$ 13,260,918.75</u>
Water and Sewer System Series 1999					
Issued: March 1, 1999	2006	\$ 50,000.00	4.000%	\$ 12,750.00	\$ 62,750.00
Payment dates:	2007	50,000.00	4.100%	10,750.00	60,750.00
Principal: November 1	2008	50,000.00	4.200%	8,700.00	58,700.00
Interest: May 1 and November 1	2009	50,000.00	4.300%	6,600.00	56,600.00
	2010	50,000.00	4.400%	4,450.00	54,450.00
	2011	50,000.00	4.500%	2,250.00	52,250.00
		<u>\$ 300,000.00</u>		<u>\$ 45,500.00</u>	<u>\$ 345,500.00</u>
Water and Sewer System Series 2000					
Issued: September 1, 2000	2006	\$ 475,000.00	5.000%	\$ 167,250.00	\$ 642,250.00
Payment dates:	2007	500,000.00	5.000%	143,500.00	643,500.00
Principal: November 1	2008	525,000.00	5.000%	118,500.00	643,500.00
Interest: May 1 and November 1	2009	575,000.00	5.125%	92,250.00	667,250.00
	2010	600,000.00	5.125%	62,781.00	662,781.00
	2011	625,000.00	5.125%	32,031.00	657,031.00
		<u>\$ 3,300,000.00</u>		<u>\$ 616,312.00</u>	<u>\$ 3,916,312.00</u>

EXHIBIT D-14 (continued)

CITY OF WARREN, MICHIGAN

DEBT SERVICE REQUIREMENTS TO MATURITY - WATER AND SEWER SYSTEM BONDS
(Business-type Activities for the fiscal year ended December 31, 2005)

Water and Sewer System Refunding Series 2005	Fiscal Year	Principal	Interest Rate	Interest	Total Requirements
Issued: September 1, 2005	2006	\$ 110,000.00	3.500%	\$ 892,588.00	\$ 1,002,588.00
Payment dates:	2007	115,000.00	3.500%	888,738.00	1,003,738.00
Principal: November 1	2008	120,000.00	3.625%	884,713.00	1,004,713.00
Interest: May 1 and November 1	2009	125,000.00	3.625%	880,362.00	1,005,362.00
	2010	130,000.00	3.625%	875,831.00	1,005,831.00
	2011	135,000.00	3.750%	871,119.00	1,006,119.00
	2012	865,000.00	3.750%	866,056.00	1,731,056.00
	2013	885,000.00	3.750%	833,619.00	1,718,619.00
	2014	930,000.00	4.000%	800,431.00	1,730,431.00
	2015	975,000.00	4.000%	763,231.00	1,738,231.00
	2016	1,870,000.00	4.000%	724,231.00	2,594,231.00
	2017	2,005,000.00	4.125%	649,431.00	2,654,431.00
	2018	2,040,000.00	4.125%	566,725.00	2,606,725.00
	2019	2,075,000.00	4.250%	482,575.00	2,557,575.00
	2020	2,110,000.00	4.250%	394,388.00	2,504,388.00
	2021	2,170,000.00	4.250%	304,712.00	2,474,712.00
	2022	1,030,000.00	4.500%	212,488.00	1,242,488.00
	2023	1,025,000.00	4.500%	166,138.00	1,191,138.00
	2024	1,015,000.00	4.500%	120,012.00	1,135,012.00
	2025	1,010,000.00	4.750%	74,338.00	1,084,338.00
	2026	555,000.00	4.750%	26,362.00	581,362.00
		<u>\$ 21,295,000.00</u>		<u>\$ 12,278,088.00</u>	<u>\$ 33,573,088.00</u>
Capital Improvement Bonds					
Series 2003					
Issued: July 1, 2003	2006	\$ 46,830.34	2.250%	\$ 38,815.22	\$ 85,645.56
Payment dates:	2007	48,221.34	2.250%	37,745.89	85,967.23
Principal: June 1	2008	50,539.67	2.250%	36,634.83	87,174.50
Interest: June 1 and December 1	2009	55,000.00	2.250%	35,447.51	90,447.51
	2010	55,000.00	2.550%	34,127.51	89,127.51
	2011	55,000.00	2.750%	32,670.01	87,670.01
	2012	60,000.00	2.850%	31,058.76	91,058.76
	2013	60,000.00	3.000%	29,303.76	89,303.76
	2014	65,000.00	3.125%	27,388.13	92,388.13
	2015	65,000.00	3.300%	25,300.00	90,300.00
	2016	70,000.00	3.500%	23,002.50	93,002.50
	2017	70,000.00	3.600%	20,517.50	90,517.50
	2018	75,000.00	3.750%	17,870.00	92,870.00
	2019	75,000.00	3.800%	15,057.50	90,057.50
	2020	80,000.00	3.900%	12,072.50	92,072.50
	2021	85,000.00	4.000%	8,812.50	93,812.50
	2022	85,000.00	4.000%	5,412.50	90,412.50
	2023	90,000.00	4.125%	1,856.25	91,856.25
		<u>\$ 1,190,591.35</u>		<u>\$ 433,092.87</u>	<u>\$ 1,623,684.22</u>

CITY OF WARREN, MICHIGAN

DEBT SERVICE REQUIREMENTS TO MATURITY - WATER AND SEWER SYSTEM BONDS
(Business-type Activities for the fiscal year ended December 31, 2005)

Capital Improvement Bonds Series 5134-01	Fiscal Year	Principal	Interest Rate	Interest	Total Requirements
Approved: September 25, 2003	2006	\$ 190,000.00	2.500%	\$ 114,495.67	\$ 304,495.67
Payment Dates:	2007	195,000.00	2.500%	109,375.00	304,375.00
Principal: October 1	2008	200,000.00	2.500%	104,500.00	304,500.00
Interest: April 1 and October 1	2009	205,000.00	2.500%	99,500.00	304,500.00
	2010	210,000.00	2.500%	94,375.00	304,375.00
	2011	215,000.00	2.500%	89,305.00	304,305.00
	2012	220,000.00	2.500%	83,750.00	303,750.00
	2013	225,000.00	2.500%	78,250.00	303,250.00
	2014	230,000.00	2.500%	72,625.00	302,625.00
	2015	240,000.00	2.500%	66,875.00	306,875.00
	2016	245,000.00	2.500%	60,875.00	305,875.00
	2017	250,000.00	2.500%	54,750.00	304,750.00
	2018	255,000.00	2.500%	48,500.00	303,500.00
	2019	265,000.00	2.500%	42,125.00	307,125.00
	2020	270,000.00	2.500%	35,500.00	305,500.00
	2021	275,000.00	2.500%	28,750.00	303,750.00
	2022	285,000.00	2.500%	21,875.00	306,875.00
	2023	290,000.00	2.500%	14,750.00	304,750.00
	2024	300,000.00	2.500%	7,500.00	307,500.00
		<u>\$ 4,565,000.00</u>		<u>\$ 1,227,675.67</u>	<u>\$ 5,792,675.67</u>

Capital Improvement Bonds Series 5134-02 (1)					
Approved: September 23, 2004	2006	\$ -	2.125%	\$ 121,684.36	\$ 121,684.36
Payment Dates:	2007	260,000.00	2.125%	125,702.46	385,702.46
Principal: April 1	2008	270,000.00	2.125%	120,071.21	390,071.21
Interest: April 1 and October 1	2009	275,000.00	2.125%	114,280.59	389,280.59
	2010	280,000.00	2.125%	108,383.72	388,383.72
	2011	285,000.00	2.125%	102,380.59	387,380.59
	2012	290,000.00	2.125%	96,271.21	386,271.21
	2013	300,000.00	2.125%	90,002.46	390,002.46
	2014	305,000.00	2.125%	83,574.34	388,574.34
	2015	310,000.00	2.125%	77,039.97	387,039.97
	2016	315,000.00	2.125%	70,399.34	385,399.34
	2017	325,000.00	2.125%	63,599.34	388,599.34
	2018	330,000.00	2.125%	56,639.97	386,639.97
	2019	340,000.00	2.125%	49,521.22	389,521.22
	2020	345,000.00	2.125%	42,243.09	387,243.09
	2021	355,000.00	2.125%	34,805.59	389,805.59
	2022	360,000.00	2.125%	27,208.72	387,208.72
	2023	370,000.00	2.125%	19,452.47	389,452.47
	2024	375,000.00	2.125%	11,536.84	386,536.84
	2025	355,410.00	2.125%	3,776.23	359,186.23
		<u>\$ 6,045,410.00</u>		<u>\$ 1,418,573.72</u>	<u>\$ 7,463,983.72</u>

(1) The City of Warren Water and Sewer System is authorized to draw down an amount not to exceed \$6.465 million of Capital Improvement Bonds sold to the Michigan Municipal Bond Authority through the State Revolving Fund Loan Program for CWRP Project #5134-02. The schedule that appears above represents the estimated amortization of principal and interest of those funds eligible for draw down as of December 31, 2005.

EXHIBIT D-14 (continued)

CITY OF WARREN, MICHIGAN

DEBT SERVICE REQUIREMENTS TO MATURITY - WATER AND SEWER SYSTEM BONDS
(Business-type Activities for the fiscal year ended December 31, 2005)

Capital Improvement Bonds Series 5134-03 (2)	Fiscal Year	Principal	Interest Rate	Interest	Total Requirements
Approved: March 25, 2004	2006	\$ 50,000.00	2.125%	\$ 21,888.53	\$ 71,888.53
Payment Dates:	2007	50,000.00	2.125%	22,250.68	72,250.68
Principal: October 1	2008	55,000.00	2.125%	21,188.18	76,188.18
Interest: April 1 and October 1	2009	55,000.00	2.125%	20,019.44	75,019.44
	2010	55,000.00	2.125%	18,850.68	73,850.68
	2011	55,000.00	2.125%	17,681.94	72,681.94
	2012	55,000.00	2.125%	16,513.18	71,513.18
	2013	60,000.00	2.125%	15,344.44	75,344.44
	2014	60,000.00	2.125%	14,069.44	74,069.44
	2015	60,000.00	2.125%	12,794.44	72,794.44
	2016	65,000.00	2.125%	11,519.44	76,519.44
	2017	65,000.00	2.125%	10,138.18	75,138.18
	2018	65,000.00	2.125%	8,756.94	73,756.94
	2019	65,000.00	2.125%	7,375.68	72,375.68
	2020	70,000.00	2.125%	5,994.44	75,994.44
	2021	70,000.00	2.125%	4,506.94	74,506.94
	2022	70,000.00	2.125%	3,019.44	73,019.44
	2023	70,000.00	2.125%	1,531.94	71,531.94
	2024	2,091.00	2.125%	44.44	2,135.44
		<u>\$ 1,097,091.00</u>		<u>\$ 233,488.39</u>	<u>\$ 1,330,579.39</u>

(2) The City of Warren Water and Sewer System is authorized to draw down an amount not to exceed \$1.22 million of Capital Improvement Bonds sold to the Michigan Municipal Bond Authority through the State Revolving Fund Loan Program for CWRP Project #5134-03. The schedule that appears above represents the estimated amortization of principal and interest of those funds eligible for draw down as of December 31, 2005.

Capital Improvement Bonds Series 5134-04 (3)					
Approved: March 31, 2005	2006	\$ -	1.625%	\$ 53,377.23	\$ 53,377.23
Payment Dates:	2007	350,000.00	1.625%	64,719.05	414,719.05
Principal: April 1	2008	355,000.00	1.625%	60,246.67	415,246.67
Interest: April 1 and October 1	2009	360,000.00	1.625%	55,693.04	415,693.04
	2010	370,000.00	1.625%	49,761.79	419,761.79
	2011	375,000.00	1.625%	43,708.67	418,708.67
	2012	380,000.00	1.625%	37,574.30	417,574.30
	2013	385,000.00	1.625%	31,358.67	416,358.67
	2014	390,000.00	1.625%	25,061.79	415,061.79
	2015	400,000.00	1.625%	18,643.04	418,643.04
	2016	405,000.00	1.625%	12,102.42	417,102.42
	2017	410,000.00	1.625%	5,480.55	415,480.55
	2018	132,264.00	1.625%	1,074.65	133,338.65
		<u>\$ 4,312,264.00</u>		<u>\$ 458,801.87</u>	<u>\$ 4,771,065.87</u>

(3) The City of Warren Water and Sewer System is authorized to draw down an amount not to exceed \$8.2 million of Capital Improvement Bonds sold to the Michigan Municipal Bond Authority through the State Revolving Fund Loan Program for CWRP Project #5134-04. The schedule that appears above represents the estimated amortization of principal and interest of those funds eligible for draw down as of December 31, 2005.

Total Water and Sewer System			
Debt Service Requirements	<u>\$ 52,670,356.35</u>	<u>\$ 19,407,451.27</u>	<u>\$ 72,077,807.62</u>

CITY OF WARREN, MICHIGAN
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Population (1)	Number of Households (1)	Income		Unemployment Rate (3)		
			Per Capita (2)	Total	City of Warren	Macomb County	State of Michigan
1997	144,864	54,602	\$ 15,224	\$ 2,205,409,536	4.50%	3.90%	4.40%
1998	144,864	54,602	15,224	2,205,409,536	4.40%	3.70%	4.10%
1999	144,864	54,602	15,224	2,205,409,536	4.80%	4.00%	4.00%
2000	138,247	55,551	21,407	2,959,453,529	4.30%	3.70%	3.90%
2001	137,282	55,662	21,407	2,938,795,774	6.10%	5.20%	5.20%
2002	137,323	55,707	21,407	2,939,673,461	7.50%	6.40%	6.60%
2003	137,394	55,959	21,407	2,941,193,358	8.60%	7.40%	7.80%
2004	135,971	56,045	21,407	2,910,731,197	7.90%	6.80%	7.30%
2005	135,572	56,188	21,407	2,902,189,804	8.20%	7.00%	6.80%
2006	135,335	56,472	21,407	2,897,116,345	7.90%	6.70%	6.50%

Sources:

- (1) 1990 U.S. Census Bureau FY 1997 - 1999
2000 U.S. Census Bureau FY 2000
Southeast Michigan Council of Governments FY 2001 - 2006
- (2) 1990 and 2000 U.S. Census Bureau
- (3) Michigan Department of Labor and Economic Growth

CITY OF WARREN, MICHIGAN
MISCELLANEOUS DEMOGRAPHICS
1990 AND 2000 U.S. CENSUS DATA

Population

2000 Census	138,247	1970 Census	179,260
1990 Census	144,864	1960 Census	89,246
1980 Census	161,134	1950 Census	42,653

Age Statistics

	2000	Percent	1990	Percent
Under 5	8,784	6.35%	9,006	6.22%
5 to 19	25,935	18.76%	25,148	17.36%
20 to 24	7,511	5.43%	11,370	7.85%
25 to 34	20,550	14.86%	25,605	17.68%
35 to 44	21,969	15.89%	17,808	12.29%
45 to 54	16,252	11.76%	16,905	11.67%
55 to 64	13,375	9.67%	17,467	12.06%
65 and older	23,871	17.27%	21,555	14.88%
	<u>138,247</u>		<u>144,864</u>	

Occupied Housing Units

	2000	Percent	1990	Percent
Owner occupied	44,659	80.39%	43,415	79.51%
Renter occupied	10,892	19.61%	11,187	20.49%
	<u>55,551</u>		<u>54,602</u>	

Value of Specified Owner Occupied Housing Units

	2000	Percent	1990	Percent
Less than \$100,000	14,422	34.85%	35,949	92.69%
\$100,000 to \$199,999	26,215	63.35%	2,812	7.25%
\$200,000 to \$299,999	610	1.47%	17	0.04%
\$300,000 or more	137	0.33%	6	0.02%
	<u>41,384</u>		<u>38,784</u>	
Median value	\$ 117,800		\$ 69,500	

School Enrollment (3 years of age and over)

	2000	Percent	1990	Percent
Pre-primary school	3,880	11.96%	2,550	7.67%
Elementary or high school	21,825	67.25%	20,611	61.99%
College or graduate school	6,747	20.79%	10,088	30.34%
	<u>32,452</u>		<u>33,249</u>	

Educational Attainment (25 years of age and over)

	2000	Percent	1990	Percent
Less than 9th grade	6,072	6.33%	9,178	9.24%
9th to 12th grade, no diploma	16,099	16.78%	18,894	19.02%
High school graduate	34,369	35.82%	35,862	36.10%
Some college, no degree	20,793	21.67%	18,994	19.12%
Associates degree	6,125	6.38%	6,166	6.21%
Bachelor's degree	8,862	9.24%	7,169	7.22%
Graduate or professional degree	3,629	3.78%	3,091	3.11%
	<u>95,949</u>		<u>99,354</u>	

Household Income (number of households)				
	2000	Percent	1990	Percent
Less than \$10,000	3,388	6.09%	5,356	9.80%
\$10,000 to \$14,999	2,778	4.99%	3,789	6.93%
\$15,000 to \$24,999	7,415	13.33%	8,786	16.07%
\$25,000 to \$34,999	7,664	13.78%	8,562	15.66%
\$35,000 to \$49,999	9,814	17.65%	11,681	21.37%
\$50,000 to \$74,999	12,756	22.93%	11,150	20.40%
\$75,000 to \$99,999	6,480	11.65%	3,744	6.85%
\$100,000 to \$149,999	4,268	7.67%	1,319	2.41%
\$150,000 or more	1,056	1.90%	281	0.51%
	<u>55,619</u>		<u>54,668</u>	
Median household income	\$ 44,626		\$ 35,980	
Per capita income	\$ 21,407		\$ 15,224	

Employed Civilian Population (16 years of age and over)				
	2000	Percent	1990	Percent
<u>By Occupation:</u>				
Management, professional and related	16,272	25.35%	17,032	24.62%
Service occupations	9,539	14.86%	8,203	11.86%
Sales and office occupations	17,871	27.84%	21,274	30.76%
Farming, fishing and forestry	67	0.10%	229	0.33%
Construction, production and transportation	20,439	31.84%	22,434	32.43%
	<u>64,188</u>		<u>69,172</u>	

<u>By Industry:</u>				
Agriculture, forestry, fishing and mining	88	0.14%	397	0.57%
Construction	3,770	5.87%	3,482	5.03%
Manufacturing	17,201	26.80%	20,661	29.87%
Wholesale trade	2,528	3.94%	3,240	4.68%
Retail trade	7,845	12.22%	12,816	18.53%
Transportation, warehousing and utilities	2,430	3.79%	2,246	3.25%
Information	1,239	1.93%	1,370	1.98%
Finance, insurance, real estate, rental and leasing	3,213	5.01%	3,597	5.20%
Professional, scientific, management, administrative and waste management services	6,284	9.79%	4,308	6.23%
Educational, health and social services	9,526	14.84%	8,611	12.45%
Arts, entertainment, recreation, accommodation and food services	5,195	8.09%	2,355	3.40%
Other services	3,029	4.72%	3,731	5.39%
Public administration	1,840	2.87%	2,358	3.41%
	<u>64,188</u>		<u>69,172</u>	

CITY OF WARREN, MICHIGAN
PRINCIPAL EMPLOYERS
CURRENT YEAR AND EIGHT YEARS AGO

		Year Ended June 30, 2006		Year Ended June 30, 1998	
		Employees	Rank	Employees	Rank
General Motors Corporation	Automotive manufacturer	23,000	1	23,000	1
Daimler/Chrysler Corporation	Automotive manufacturer	6,137	2	5,900	2
TACOM	Government	4,436	3	3,652	3
St. John Macomb Hospital	Health care	2,232	4	1,925	4
City of Warren	Government	1,865	5	1,800	5
Campbell-Ewald Company	Advertising	1,140	6	726	9
Bi-County Hospital	Health care	1,060	7	1,023	6
Warren Consolidated Schools	Education	1,022	8		
Art Van Furniture	Retail furniture	931	9	742	8
Macomb Community College	Education	914	10	1,008	7
Becker Group	Consulting			500	10

Source:
City of Warren Mayor's Office

CITY OF WARREN, MICHIGAN
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006 (1)
General government:										
<u>37th District Court</u>										
Small claims	1,150	1,152	1,035	1,054	1,112	1,072	1,141	1,328	1,226	1,200
Landlord & tenant	2,731	2,593	2,753	2,677	3,386	3,234	3,568	3,873	3,998	4,100
Parking tickets	1,407	1,547	1,255	1,523	1,298	1,345	1,630	2,189	1,622	1,600
Traffic misdemeanor & civil	32,454	35,138	45,374	46,081	37,367	46,205	64,352	59,961	58,565	60,000
Non-traffic felony	1,519	1,655	1,631	1,708	1,826	2,399	1,874	2,184	2,097	2,250
Non-traffic misdemeanor	2,056	1,940	2,147	2,424	2,110	2,834	2,294	2,330	2,149	2,200
Traffic OUIL/OWI	N/A	N/A	N/A	N/A	N/A	N/A	414	734	691	700
General civil	2,553	2,666	2,802	2,602	3,249	4,325	4,916	4,502	4,524	4,700
Probation - active cases	900	1,300	1,423	1,795	1,500	1,686	1,143	1,441	1,168	1,200
Pre-sentence investigations	N/A	N/A	N/A	N/A	N/A	N/A	414	523	460	500
Alcohol evaluations	N/A	N/A	N/A	N/A	N/A	N/A	470	562	543	550
<u>City Clerk</u>										
Business licenses	3,476	9,891	10,000	2,350	986	1,017	1,100	1,207	989	1,400
Public hearings	63	95	120	44	61	53	80	76	53	90
Changes in voter registrations	31,564	32,500	33,000	23,000	22,000	20,000	23,000	29,499	23,391	40,000
Dog licenses issued	11,312	11,662	11,662	4,065	3,800	4,500	4,000	6,833	4,794	7,500
Garage sale permits	N/A	N/A	N/A	1,413	1,424	1,053	1,500	2,177	2,167	4,000
Death certificates	16,714	17,260	17,500	1,857	1,809	1,900	1,900	1,870	1,951	3,000
Birth certificates	4,296	5,331	5,500	1,748	1,659	1,700	1,900	1,368	1,162	3,000
Lawsuits issued	N/A	N/A	35	42	55	61	70	34	36	85
Contracts signed, catalogued	N/A	N/A	44	28	59	70	60	63	52	85
Dog park passes	N/A	N/A	N/A	N/A	N/A	600	600	410	200	600
Passports issued	N/A	N/A	N/A	N/A	N/A	N/A	N/A	334	278	600
Internet requests processed	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1,252	1,366	2,000
<u>Treasurer</u>										
Tax bills processed -										
manually	138,000	138,000	138,000	137,000	135,000	135,000	135,000	135,000	135,000	135,000
CD ROM	77,000	77,000	77,000	78,000	80,000	80,000	83,000	83,000	83,000	83,000
Checks processed	45,500	45,500	45,500	43,050	42,800	42,800	32,400	29,900	41,400	41,400
Water bills processed	215,000	215,000	215,000	215,000	215,000	215,000	540,000	518,000	518,000	518,000
Status changes	10,000	10,000	10,000	11,000	13,000	13,000	15,000	15,000	14,000	13,000
Personal property										
tax collections	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Delinquent tax accounts	100	100	100	75	60	60	72	125	125	200
<u>Assessing</u>										
Personal property audits	150	150	190	180	210	210	125	116	316	422
Small claim MTT appeals	27	26	30	17	20	8	47	19	25	35
Full tax tribunal appeals	23	23	28	47	34	14	21	21	25	30
Board of Review appeals	1,283	900	890	850	750	862	807	801	834	850
Processing of										
homestead affidavits	2,500	2,500	3,300	5,500	5,500	5,500	5,500	5,500	5,500	5,500
Process deeds and										
transfer affidavits	3,000	5,500	6,700	6,700	6,700	6,700	6,700	6,700	6,700	6,700
Reviews transfers to										
uncap taxable value	3,000	3,000	4,700	4,700	4,700	4,700	4,700	4,700	4,700	4,700
Prepare special										
assessment rolls	5	5	5	9	7	30	50	30	30	35
Review / appraise										
taxable properties	N/A	N/A	N/A	N/A	N/A	54,000	54,000	54,000	54,000	54,000
Review / appraise										
exempt properties	1,972	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Verify sales & transfers,										
inspect sold property	N/A	3,000	3,500	3,600	3,600	3,600	3,600	3,600	3,600	3,600
Inspect and appraise										
building permit activity	2,245	2,250	2,600	2,859	2,850	2,850	2,646	2,646	2,220	2,700
Identify / photograph										
real property parcels	N/A	N/A	N/A	23,000	23,000	23,000	2,400	2,400	2,400	2,500
Digitally sketch										
real property parcels	N/A	N/A	N/A	N/A	N/A	30,269	12,000	12,000	12,000	6,000

EXHIBIT D-18 (continued)

CITY OF WARREN, MICHIGAN
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006 (1)
Public Safety:										
<u>Fire Department</u>										
Incident responses	10,410	10,278	10,517	10,643	10,537	10,594	10,629	10,605	11,385	11,800
Equipment responses	22,155	21,981	22,851	23,294	22,957	23,215	23,254	18,767	16,594	19,000
Fire training (hours)	10,820	12,555	13,012	9,910	14,821	8,573	671	5,177	6,144	6,000
Medical training (hours)	3,683	1,906	2,847	5,064	3,804	2,290	2,303	1,912	1,725	2,500
<u>Police Department</u>										
Calls for police service	81,428	69,986	71,279	73,000	76,000	76,000	76,324	90,200	90,900	93,000
Part I crimes	7,144	7,241	5,996	4,917	4,795	6,570	5,214	4,785	5,223	4,800
Burglary incidents	900	1,169	760	850	686	772	672	669	829	775
Auto theft incidents	1,318	1,142	1,052	752	781	930	1,172	1,092	1,302	1,225
Part II Crimes	6,932	6,697	6,196	6,118	6,085	4,524	6,526	4,773	7,470	5,400
Narcotic and drug incidents	2,103	1,571	852	1,064	1,067	1,141	950	1,229	1,242	1,275
Total citations	N/A	N/A	N/A	44,855	35,522	40,865	44,977	49,429	48,280	49,000
OUIL charges	462	384	396	435	583	462	496	478	475	480
Traffic accidents	5,674	4,421	4,884	5,198	4,954	5,200	4,800	4,153	1,192	2,200
Juveniles charged	1,547	1,188	940	800	421	421	395	437	431	440
Total arrests	7,230	7,677	7,256	7,443	6,507	6,265	6,591	7,057	6,948	6,800
Abandoned autos processed	2,328	3,136	3,557	4,399	4,034	4,892	5,200	1,650	1,683	1,750
Guns registered	2,140	1,640	2,170	3,512	1,575	2,406	1,573	2,058	3,250	3,000
D.A.R.E. graduates	2,685	3,250	2,400	2,500	2,472	2,382	1,800	1,895	1,800	1,900
<u>Animal Control</u>										
Calls for service	4,915	4,856	6,240	6,864	7,215	2,000	4,500	2,587	2,332	2,450
Stray animals picked up	N/A	N/A	N/A	N/A	N/A	1,408	1,700	1,449	1,063	1,400
Wild animals secured	N/A	N/A	N/A	N/A	N/A	401	400	448	308	400
Dead animals handled	N/A	N/A	N/A	N/A	N/A	234	250	115	303	300
Animals given up by owners	N/A	N/A	N/A	N/A	N/A	768	500	781	992	850
<u>Civil Defense</u>										
Responses to disaster or emergency incidents	32	33	34	35	35	10	10	20	13	11
Functional / full-scale exercise	1	1	1	1	1	1	1	1	2	2
City Development:										
<u>Engineering</u>										
Service requests processed	878	805	900	900	1,247	900	900	618	422	500
Planning reviews	92	149	112	112	121	112	100	114	141	140
Site plan reviews	151	223	300	300	300	300	300	206	226	283
Projects inspected	102	113	116	116	100	116	100	106	97	100
Sidewalk inspections / repairs	N/A	N/A	N/A	N/A	N/A	N/A	N/A	5,141	2,542	2,600
<u>Service Division</u>										
Weed enforcement -										
Vacant parcels	691	720	830	925	1,000	1,000	1,000	1,075	1,000	1,100
Occupied properties	152	158	142	333	425	425	471	530	600	625
Vacant buildings	364	330	327	395	415	415	425	525	625	650
Complaints investigated	5,420	8,500	8,270	11,292	11,100	11,100	12,298	13,279	14,000	14,000
<u>Building Inspections</u>										
Service requests	2,377	3,619	5,794	6,355	6,482	6,482	2,787	3,889	1,984	2,900
Certificates of Occupancy	288	314	255	229	341	171	256	364	326	350
Building permits	2,236	2,543	2,927	2,532	5,199	2,499	2,829	2,666	2,976	3,100
Plumbing permits	1,163	1,141	1,264	1,265	1,047	1,047	1,063	1,038	961	1,100
Electrical permits	1,573	1,932	2,099	1,888	1,596	1,596	1,640	1,431	1,573	1,600
Mechanical permits	1,705	2,013	1,671	1,651	1,381	1,381	1,424	1,159	1,218	1,300
Miscellaneous permits	1,639	1,738	1,612	1,576	709	709	651	1,124	1,504	1,600
Building inspections	7,768	9,080	8,794	8,110	9,970	9,970	9,037	8,472	7,404	10,000
Plumbing inspections	3,235	2,882	2,857	3,698	3,379	3,379	2,494	2,809	2,764	3,000
Electrical inspections	4,257	4,524	4,791	5,277	5,126	5,126	5,689	5,261	4,523	5,000
Mechanical inspections	4,697	3,900	3,660	3,799	3,751	3,751	4,937	4,471	4,422	4,900
Zoning inspections	4,575	6,913	5,794	6,355	10,482	6,430	4,204	5,889	5,681	5,800
Plan reviews	N/A	N/A	N/A	N/A	N/A	N/A	2,829	2,586	2,976	3,100

CITY OF WARREN, MICHIGAN
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006 (1)
Recreation and Culture:										
<u>Library</u>										
Annual attendance	717,124	689,972	503,205	416,730	441,200	489,962	501,123	402,380	371,361	380,000
Circulation -										
annual total	929,557	796,582	709,854	684,904	647,610	600,661	606,019	567,201	544,590	520,000
children's materials	205,736	193,984	169,744	156,006	153,568	144,159	121,085	121,491	117,958	119,000
Reference requests	52,530	48,670	47,064	53,129	53,928	61,123	71,865	67,868	71,121	67,000
Reserves placed	35,907	29,174	30,812	31,079	35,013	24,923	30,427	36,185	40,595	40,000
Registered borrowers	58,296	56,681	56,037	55,196	60,000	37,871	42,585	46,072	37,386	40,000
Materials -										
loaned to other libraries	27,361	30,100	37,247	38,528	37,630	35,487	45,203	69,905	57,635	60,000
received from other libraries	25,918	27,945	30,117	30,079	33,473	33,601	42,031	56,119	41,340	45,000
added to collection	50,000	26,570	27,000	38,654	34,964	18,769	20,539	26,951	24,520	24,000
deleted from collection	38,000	41,621	42,000	48,923	77,617	21,053	19,650	19,600	19,331	24,000
Home Page hits	N/A	N/A	80,018	87,934	151,749	202,665	194,268	192,889	201,309	202,000
<u>Recreation</u>										
Pavilion rentals	552	572	558	558	503	489	472	475	475	460
Bus transportation	15,211	15,211	28,089	28,089	35,600	25,500	48,650	52,000	28,300	29,000
Adult & youth sports -										
registrants	8,927	6,138	6,500	5,438	6,080	6,896	6,550	6,510	5,800	5,200
participants	102,502	111,728	112,800	106,820	106,200	107,244	106,552	106,200	102,575	101,204
Senior programs	70,693	49,273	32,068	32,068	36,600	34,104	36,200	36,500	51,204	52,000
Senior sports programs	22,763	25,815	25,815	17,026	18,200	27,870	26,200	25,000	22,000	23,000
Trees removed	297	267	470	398	820	492	452	950	1,076	800
Trees trimmed	3,194	2,645	3,334	3,981	4,311	4,351	4,100	4,000	4,000	4,000
Pool attendance	100,057	108,242	70,964	92,781	86,938	77,900	109,331	239,704	301,505	300,000
Yearly pass registrations	66	132	214	300	400	300	1,000	3,700	3,923	4,200
Sanitation										
Collections points (per week)	N/A	49,150	49,500	49,500	49,500	50,000	55,000	56,000	56,000	56,000
Curbside collection (tons) -										
Refuse land filled	45,594	47,520	49,783	50,999	50,944	49,385	51,866	51,537	47,626	50,000
Curbside recycling	8,282	7,525	7,184	7,053	6,244	6,081	6,069	5,726	4,977	7,000
Curbside compost	16,859	15,272	15,328	17,557	15,654	14,991	16,283	16,613	14,891	16,000
Drop-off center -										
Car batteries (each)	1,072	874	764	1,097	1,151	1,252	1,566	1,219	935	1,100
Non-ferrous metal (tons)	12	12	12	10	9	7	12	7	133	8
Concrete (tons)	N/A	N/A	388	428	499	513	591	559	398	380
Motor oil (gallons)	N/A	N/A	15,675	14,050	13,550	12,600	18,450	13,325	11,075	13,000
Collected / dropped off (tons) -										
Cardboard	93	91	62	96	100	118	175	138	124	140
White goods / scrap metal	287	418	557	736	922	1,149	896	542	370	450
Senior Citizen Housing:										
<u>Stilwell Manor</u>										
Carpet replacements	4	13	25	14	7	8	4	7	9	9
Linoleum replacements	4	4	13	10	12	13	12	7	14	12
Refrigerator replacements	2	4	3	5	4	6	30	36	N/A	N/A
Stove replacements	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4	25
Apartments painted	12	24	21	23	20	19	17	18	28	20
Air conditioner replacements	N/A	N/A	N/A	N/A	N/A	N/A	16	18	18	15
Maintenance work orders	595	412	522	613	1,021	625	666	789	532	700
<u>Jos. Coach Manor</u>										
Carpet replacements	7	20	26	11	13	3	4	6	15	11
Linoleum replacements	7	7	8	7	16	10	8	8	18	12
Hot water tank replacements	5	6	21	28	45	114	N/A	N/A	2	2
Apartments painted	26	29	32	28	37	25	24	36	48	30
Countertop replacements	1	3	6	6	5	6	1	1	8	10
Maintenance work orders	595	912	1,085	871	1,099	1,067	1,054	1,271	1,223	1,250

EXHIBIT D-18 (continued)

CITY OF WARREN, MICHIGAN
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

	Fiscal Year									
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Water and Sewer System (2)										
<u>Water Department:</u>										
Water utility accounts	49,225	49,272	49,272	49,272	49,280	49,339	49,359	49,546	49,768	49,948
Sewer utility accounts	48,995	49,007	49,007	49,007	49,010	49,064	49,079	49,198	49,269	49,319
Second meter accounts	N/A	N/A	N/A	N/A	N/A	N/A	N/A	63	173	256
Water sold (thousand cu. ft.)	1,123,163	1,129,768	1,139,015	1,076,870	956,085	969,120	1,025,088	950,539	844,666	930,433
Water purchased	1,226,122	1,230,787	1,245,811	1,190,223	1,061,407	1,066,307	1,144,504	1,081,053	941,846	1,035,761
Broken water main repairs	329	293	466	482	318	288	399	393	267	311
Sewer jetting (in footage)	271,869	295,027	173,223	236,679	396,567	417,432	289,125	148,660	276,869	197,240
<u>Waste Water Treatment Plant:</u>										
Sewage treated (billions of gallons)	10.2	10.0	9.2	8.5	8.7	7.9	7.2	7.9	8.4	8.0
Sludge solids removed (thousands of tons)	35.2	39.9	31.4	28.9	23.5	23.3	26.4	30.8	31.2	32.1
Power consumption (millions of kilowatt hours)	18.9	20.1	19.1	17.6	18.5	15.1	14.2	13.4	14.6	16.5
Natural gas for incinerator (millions of cu. ft.)	113	110	81	90	74	73	77	80	31	78
Laboratory samples taken	6,958	7,382	6,818	6,914	6,956	6,914	6,760	6,773	6,788	6,743
Analytical lab tests run	46,839	46,391	44,876	46,400	46,448	47,637	47,624	45,685	45,751	44,608
Dye tests performed to locate illicit connections	N/A	N/A	N/A	20	50	50	50	50	50	20
Storm water samples collected	N/A	N/A	N/A	246	457	582	202	804	386	457
Illicit discharges identified	N/A	N/A	N/A	N/A	6	11	13	10	7	17
Illicit discharges removed	N/A	N/A	N/A	N/A	4	7	10	14	9	50

N/A = information was either not applicable to or not reported in the fiscal year

- (1) Fiscal year 2006 estimates
(2) Fiscal year ended December 31

Source:
Adopted fiscal year budget

CITY OF WARREN, MICHIGAN
VALUE OF NEW CONSTRUCTION
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Residential One-Family</u>	<u>Residential Multiple Family</u>	<u>Commercial Development</u>	<u>Industrial Development</u>	<u>Total (1)</u>
1997	\$ 4,022,800	\$ 2,480,000	\$ 12,258,000	\$ 14,750,000	\$ 33,510,800
1998	4,034,600	3,685,000	28,221,476	12,817,000	48,758,076
1999	7,334,500	1,440,000	17,404,675	13,637,000	39,816,175
2000	4,390,800	2,955,000	21,559,000	31,560,958	60,465,758
2001	4,495,000	1,525,000	110,807,914	3,200,550	120,028,464
2002	9,379,693	2,218,000	4,436,000	9,421,307	25,455,000
2003	8,907,716	4,469,000	17,990,000	1,200,000	32,566,716
2004	4,737,401	3,116,008	25,704,900	7,100,000	40,658,309
2005	2,733,500	1,979,995	34,361,001	980,000	40,054,496
2006	8,251,000	21,128,530	28,978,077	19,379,285	77,736,892

(1) Estimated Cost of Construction

Source:

City of Warren Building Department

CITY OF WARREN, MICHIGAN
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<u>General government:</u>										
Council	14	14	14	14	14	14	14	14	13	13
37th District Court	45	45	46	46	49	50	49	50	50	50
Mayor	7	7	7	7	7	7	7	7	7	7
Clerk	12	11	11	11	11	11	11	11	10	8
Treasurer	15	15	15	15	15	15	15	15	13	12
Controller	18	18	19	20	20	20	20	20	19	19
Information Systems	4	4	4	4	4	4	4	4	4	3
Legal	10	10	10	11	11	11	11	11	11	11
Assessing	13	13	13	13	13	13	13	13	12	12
Labor Relations	3	3	3	3	3	3	3	3	1	1
Personnel	6	6	6	6	6	6	6	6	6	6
D.P.W. Garage	10	10	10	10	10	10	10	10	8	8
Building Maintenance	18	18	18	18	18	18	18	18	16	15
Police & Fire Civil Service	1	1	1	1	1	1	1	1	1	1
Police & Fire Retirement	2	2	2	2	2	2	2	2	2	2
Beautification Commission	-	-	-	-	1	1	1	1	-	-
	<u>178</u>	<u>177</u>	<u>179</u>	<u>181</u>	<u>185</u>	<u>186</u>	<u>185</u>	<u>186</u>	<u>173</u>	<u>168</u>
<u>Public safety:</u>										
Fire Department	179	179	179	179	179	179	179	179	139	148
Police Department	280	280	284	286	286	290	290	290	281	278
Animal Control	2	2	2	2	2	2	2	2	2	2
Civil Defense	1	1	1	1	1	1	1	1	1	1
	<u>462</u>	<u>462</u>	<u>466</u>	<u>468</u>	<u>468</u>	<u>472</u>	<u>472</u>	<u>472</u>	<u>423</u>	<u>429</u>
<u>City Development:</u>										
Public Service Director	4	4	4	4	4	4	4	4	4	4
Engineering	17	17	17	17	17	17	17	17	9	8
Service Division	5	6	6	6	6	6	6	6	3	3
Building Inspections	19	19	20	20	20	20	20	20	18	17
Planning	7	7	7	7	7	7	7	7	5	4
Rental Ordinance	-	-	-	2	2	2	2	2	2	2
	<u>52</u>	<u>53</u>	<u>54</u>	<u>56</u>	<u>56</u>	<u>56</u>	<u>56</u>	<u>56</u>	<u>41</u>	<u>38</u>
<u>Highways and Streets</u>	<u>41</u>	<u>41</u>	<u>41</u>	<u>41</u>	<u>41</u>	<u>41</u>	<u>41</u>	<u>41</u>	<u>41</u>	<u>41</u>
<u>Recreation and Culture:</u>										
Library	22	23	23	23	23	22	22	22	16	16
Recreation	22	22	22	22	21	20	20	20	20	20
Communications	3	3	4	4	4	6	6	7	6	6
	<u>47</u>	<u>48</u>	<u>49</u>	<u>49</u>	<u>48</u>	<u>48</u>	<u>48</u>	<u>49</u>	<u>42</u>	<u>42</u>
<u>Sanitation</u>	<u>46</u>	<u>46</u>	<u>46</u>	<u>46</u>	<u>46</u>	<u>45</u>	<u>45</u>	<u>45</u>	<u>42</u>	<u>42</u>
<u>Economic Development:</u>										
D.D.A.	-	-	-	-	-	1	1	1	1	1
<u>Community Development:</u>										
C.D.B.G.	3	3	3	3	3	4	4	4	4	4
<u>Senior Housing</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>6</u>	<u>6</u>	<u>5</u>	<u>5</u>	<u>5</u>
<u>Water and Sewer System</u>	<u>124</u>	<u>126</u>	<u>121</u>	<u>118</u>	<u>114</u>	<u>105</u>	<u>105</u>	<u>107</u>	<u>107</u>	<u>106</u>
Total full-time city employees	<u>956</u>	<u>960</u>	<u>964</u>	<u>967</u>	<u>966</u>	<u>964</u>	<u>963</u>	<u>966</u>	<u>879</u>	<u>876</u>

Source:

Adopted fiscal year budget

CITY OF WARREN, MICHIGAN

FEDERAL AND STATE PROJECT FUNDS - COMPLIANCE REPORTS

Included in the compliance audits of federal and state project funds are the following:

Department of Housing and Urban Development Community Development Block Grant

Account Numbers - B-99-MC-26-0016
B-02-MC-26-0016
B-03-MC-26-0016
B-04-MC-26-0016
B-05-MC-26-0016

HOME Investment Partnership

Account Numbers - M-98-MC-26-0216
M-99-MC-26-0216
M-00-MC-26-0216
M-01-MC-26-0216
M-02-MC-26-0216
M-03-MC-26-0216
M-04-MC-26-0216
M-05-MC-26-0216

Housing Opportunities for Persons with AIDS

Account Number – MIH04F002
MIH05F002

Department of Michigan State Police Emergency Management Assistance Program Federal Funds

Local Law Enforcement

Account Numbers - 2003-LBBX-0039
2004-LBBX-0872

State Preparedness Equipment Grants

Nunn-Lugar-Domenici Domestic Preparedness Grant

Account Number - 233-02-0032

Byrne Formula Grant Program

Account Numbers – LLEBG 2005-781
72025-4-06-z

Metro Medical Response Grant

Account Number – 233-02-0032

COPS Interoperable Communications Technology Program Grant

Account Number – 2004-INWX-0011

EXHIBIT E-1

CITY OF WARREN, MICHIGAN
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

June 30, 2006

<u>Grant Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Cash / Deferred Grant Revenue July 1, 2005</u>	<u>Grant Revenue Recognized</u>
Department of Housing and Urban Development -				
(1) Community Development Block Grant:				
1999-00	14.218	B-99-MC-26-0016	\$ 15,740	\$ 1,033,586
2002-03		B-02-MC-26-0016	9,668	1,560,872
2003-04		B-03-MC-26-0016	408,284	823,253
2004-05		B-04-MC-26-0016	643,455	963,839
2005-06		B-05-MC-26-0016	-	830,636
(2) HOME Investment Partnership:				
1998-99	14.239	M-98-MC-26-0216	\$ 20	\$ 398,821
1999-00		M-99-MC-26-0216	500	427,000
2000-01		M-00-MC-26-0216	148,375	334,642
2001-02		M-01-MC-26-0216	301,481	164,348
2002-03		M-02-MC-26-0216	519,910	293,020
2003-04		M-03-MC-26-0216	412,155	226,275
2004-05		M-04-MC-26-0216	495,729	95,322
2005-06		M-05-MC-26-0216	-	158,321
(3) Housing Opportunities for Persons with AIDS				
2004-05	14.241	MIH04F002	\$ 230,229	\$ 403,411
2005-06		MIH05F002	-	206,589
Department of State Police: (Emergency Management Assistance Program Federal Funds)				
2005-06	97.042		\$ -	\$ 51,194
Local Law Enforcement Grants:				
2003-04	16.592	2003-LBBX-0039	\$ 112,981	\$ 147,443
2004-05		2004-LBBX-0872	50,450	5,869
State Preparedness Equipment Grants:				
\$762,231 grant award	97.004		\$ -	\$ 738,826
Nunn-Lugar-Domenici Domestic Preparedness Grant:				
\$310,000 grant award (#3)	16.007	233-02-0032	\$ -	\$ 271,308
Byrne Formula Grant Program				
	16.579	LLEBG 2005-781 72025-4-06-z	\$ - -	\$ 200,000 97,097
Metro Medical Response Grant				
\$600,000 grant award	97.071	233-02-0032	\$ -	\$ 220,000
COPS Interoperable Communications Technology Program Grant				
	16.710	2004-INWX-0011	\$ 300,000	\$ 3,513,710

<u>Grantee Matching Contributions & Miscellaneous Revenue</u>	<u>Expenditures</u>	<u>Advances (Repayments) or Adjustments</u>	<u>Cash / Deferred Grant Revenue June 30, 2006</u>
\$ 530,887	\$ (1,564,473)	\$ -	\$ 15,740
673,531	(2,234,403)	(9,668)	-
581,527	(1,404,780)	(68,757)	339,527
414,599	(1,378,438)	(529,082)	114,373
468,017	(1,280,815)	495,502	513,340
\$ 401,386	\$ (800,207)	\$ (20)	\$ -
356,364	(782,951)	(500)	413
505,423	(840,065)	(79,469)	68,906
264,539	(391,759)	(79,429)	259,180
975,476	(1,159,371)	(109,125)	519,910
770,099	(844,845)	(212,788)	350,896
208,905	(229,163)	(166,874)	403,919
469,992	(68,940)	248,664	808,037
\$ -	\$ (403,411)	\$ (228,640)	\$ 1,589
-	(206,489)	185,411	185,511
\$ 167,162	\$ (218,356)	\$ -	\$ -
\$ 16,335	\$ (163,345)	\$ (113,414)	\$ -
652	(6,521)	(5,869)	44,581
\$ -	\$ (738,826)	\$ -	\$ -
\$ 16,102	\$ (287,410)	\$ -	\$ -
\$ 200,000	\$ (400,000)	\$ -	\$ -
225,960	(323,057)	-	-
\$ 119,849	\$ (339,849)	\$ -	\$ -
\$ -	\$ (3,513,710)	\$ -	\$ 300,000

CITY OF WARREN, MICHIGAN

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year Ended June 30, 2006

1. The accompanying schedule of federal awards includes the federal grant activity of the City of Warren, Macomb County, Michigan and is presented in the modified accrual basis of accounting. The information in the schedule is presented in accordance with the requirements of OMB A-133, Audits of State, Local Governments, and Non-Profit Organizations.

CITY OF WARREN, MICHIGAN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2006

Summary of Audit Results:

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of the City of Warren.
2. No reportable conditions relating to the financial statements are reported in the independent Auditor's Report.
3. No instances of noncompliance material to the financial statements of the City of Warren were disclosed during the audit.
4. No reportable conditions relating to the major federal award programs are reported in the Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for Community Development Block Grant, Home Investment Partnership, Housing Opportunities for Persons with AIDS, State Preparedness Equipment Grant and COPS Interoperable Communications Technology Program Grant expresses an unqualified opinion.
6. There were no audit findings relative to the major federal award programs for the City of Warren.
7. The programs tested as major programs include: Community Development Block Grant - CFDA #14.218, Home Investment Partnership - CFDA #14.239, Housing Opportunities for Persons with AIDS - CFDA #14.241, State Preparedness Equipment Grant - CFDA #97.004 and COPS Interoperable Communications Technology Program Grant CFDA - #16.710.
8. Type A programs are programs with \$300,000 or more of federal expenditures. Type B programs are programs with federal expenditures between \$100,000 and \$300,000.
9. The City of Warren was determined to be a low-risk auditee.

Findings – Financial Statements Audit:

None

Findings and Questioned Costs – Major Federal Award Program Audit:

None

EXHIBIT E-2

CITY OF WARREN, MICHIGAN
COMMUNITY DEVELOPMENT BLOCK GRANT FUND
PROGRAM YEAR 1999/00 - C.D.B.G. No. B-99-MC-26-0016

STATEMENT OF SOURCE AND STATUS OF FUNDS

For the Period July 1, 1999 through June 30, 2006

Total 1999/00 program year funds allocated to recipient	\$ 1,138,000
Add: Unobligated funds reprogrammed from:	
1998/99 program year	300,000
Less: Unobligated funds reprogrammed to:	
1997/98 program year	(92)
2000/01 program year	(5,992)
2001/02 program year	(13,132)
2002/03 program year	<u>(369,458)</u>
Total 1999/00 program year adjusted resources	1,049,326
Less: 1999/00 program year funds drawn by recipient	<u>(1,033,586)</u>
1999/00 program year funds available from HUD	<u>\$ 15,740</u>
Total 1999/00 program year funds drawn down by recipient	\$ 1,033,586
Add: Program income allocated to 1999/00 program year	<u>530,887</u>
Total 1999/00 program year funds received	1,564,473
Less: Funds applied to 1999/00 program year costs	<u>(1,564,473)</u>
1999/00 program year funds held by recipient	<u>\$ -</u>
Total 1998/99 program year funds available for disposition	<u>\$ 15,740</u>

See accompanying notes to financial statements.

CITY OF WARREN, MICHIGAN
COMMUNITY DEVELOPMENT BLOCK GRANT FUND
PROGRAM YEAR 1999/00 - C.D.B.G. No. B-99-MC-26-0016

STATEMENT OF PROGRAM COSTS

For the Period July 1, 1999 through June 30, 2006

	Expenditures 7-1-05 to 6-30-06	Authorized Costs	Cumulative Expenditures 7-1-99 thru 6-30-06	Questioned Costs
<u>Program Activity and Related Costs</u>				
Housing Rehabilitation	\$ -	\$ 530,887 (1)	\$ 530,887	\$ -
Public Improvements:				
Street Improvements	-	396,868 (2)	396,868	-
Tree Planting	-	44,590 (5)	44,590	-
Community Police Unit	-	144,550	144,550	-
Administrative Costs	-	177,400	177,400	-
Planning Studies	-	50,000	34,260	-
Contractual Services:				
Chore Services	-	26,000	26,000	-
Code Enforcement - Housing Ordinance	-	75,418 (3)	75,418	-
Code Enforcement - Rental Ordinance	-	40,000	40,000	-
Housing Support Services	-	10,500	10,500	-
Abandoned Building Removal	-	40,000	40,000	-
Arsenal Acres Clearance	-	44,000 (6)	44,000	-
Contingency and Local Options	-	- (4)	-	-
	<u>\$ -</u>	<u>\$ 1,580,213</u>	<u>\$ 1,564,473</u>	<u>\$ -</u>

- (1) Original "Housing Rehabilitation" allocation of \$300,000 was increased by \$530,887 from program income earned (original budgeted estimate for program income was \$400,000). It was decreased by reprogramming \$300,000 to "Street Improvements" in the 2002/03 program year.
- (2) "Street Improvements" was increased by reprogramming \$300,000 from "Street Improvements" in the 1998-99 program year and decreased by reprogramming \$100,000 to "Arsenal Acres Clearance" in the 1999-00 program year and by reprogramming \$13,132 to "Park Roof Replacements" in the 2001-02 program year.
- (3) "Code Enforcement" was increased by reprogramming \$11,000 from "Contingency and Local Option" in the 1999-00 program year. "Code Enforcement" was decreased by reprogramming \$582 to "Handicap Ramp Curb Cuts" in the 2000-01 program year.
- (4) "Contingencies and Local Option" was decreased by reprogramming \$11,000 to "Code Enforcement" in the 1999-00 program year. It was decreased by reprogramming \$3,449 to "Street Improvements" and \$10,009 to "Contingencies" in the 2002/03 program year.
- (5) "Tree Planting" was decreased by reprogramming \$5,410 to "Handicap Ramp Curb Cuts" in the 2000-01 program year.
- (6) "Arsenal Acres Clearance" was decreased by reprogramming \$56,000 to "Street Improvements" in the 2002/03 program year.

See accompanying notes to financial statements.

EXHIBIT E-4

CITY OF WARREN, MICHIGAN
COMMUNITY DEVELOPMENT BLOCK GRANT FUND
PROGRAM YEAR 2002/03 - C.D.B.G. No. B-02-MC-26-0016

STATEMENT OF SOURCE AND STATUS OF FUNDS

For the Period July 1, 2002 through June 30, 2006

Total 2002/03 program year funds allocated to recipient	\$ 1,129,000
Add: Unobligated funds reprogrammed from:	
1998/99 program year	68,084
1999/00 program year	369,458
2000/01 program year	163,689
2001/02 program year	53,176
2003/04 program year	22,386
2004/05 program year	21,093
2005/06 program year	20,986
Less: Unobligated funds reprogrammed to:	
2003/04 program year	(110,000)
2004/05 program year	(146,346)
2005/06 program year	<u>(30,654)</u>
Total 2002/03 program year adjusted resources	1,560,872
Less: 2002/03 program year funds drawn by recipient	<u>(1,560,872)</u>
2002/03 program year funds available from HUD	<u>\$ -</u>
Total 2002/03 program year funds drawn down by recipient	\$ 1,560,872
Add: Program income allocated to 2002/03 program year	<u>673,531</u>
Total 2002/03 program year funds received	2,234,403
Less: Funds applied to 2002/03 program year costs	<u>(2,234,403)</u>
2002/03 program year funds held by recipient	<u>\$ -</u>
Total 2002/03 program year funds available for disposition	<u>\$ -</u>

Exhibit E-5

STATEMENT OF PROGRAM COSTS

For the Period July 1, 2002 through June 30, 2006

	Expenditures 7-1-05 to 6-30-06	Authorized Costs	Cumulative Expenditures 7-1-02 thru 6-30-06	Questioned Costs
<u>Program Activity and Related Costs</u>				
Housing Rehabilitation	\$ -	\$ 543,530 (1)	\$ 543,530	\$ -
Rehabilitation Delivery	-	160,000	160,000	-
Park Improvements	-	157,008 (2)	157,008	-
Public Improvements:				
Street Paving	-	545,636 (4)	545,636	-
Handicap Ramp Curb Cuts	-	381,151 (3)	381,151	-
Administrative Costs	-	225,800	225,800	-
Contractual Services:				
Chore Services	-	29,626 (8)	29,626	-
Code Enforcement - Housing Ordinance	-	74,904 (9)	74,904	-
Code Enforcement - Rental Ordinance	-	40,000	40,000	-
Housing Support Services	-	7,750 (5)	7,750	-
Homeless Prevention	-	23,998 (6)	23,998	-
Homeless Shelter	-	20,000	20,000	-
Abandoned Building Removal	-	25,000	25,000	-
Contingency and Local Options	<u>-</u>	<u>- (7)</u>	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 2,234,403</u>	<u>\$ 2,234,403</u>	<u>\$ -</u>

See accompanying notes to financial statements.

CITY OF WARREN, MICHIGAN
COMMUNITY DEVELOPMENT BLOCK GRANT FUND
PROGRAM YEAR 2002/03 - C.D.B.G. No. B-02-MC-26-0016

STATEMENT OF PROGRAM COSTS

For the Period July 1, 2002 through June 30, 2006

- (1) Original "Housing Rehabilitation" allocation of \$5,000 was increased by \$273,532 from program income earned (original budgeted estimate for program income was \$400,000) and decreased by reprogramming \$58,143 to "Contingencies" and \$76,857 to "Street Paving" in the 2004/05 program year.
- (2) "Park Improvements" was increased by reprogramming \$186,259 from the following:
 - \$135,000 and \$11,256 from "Housing Rehabilitation" in the 2000/01 and 2001/02 program years, respectively.
 - \$ 19,017 from "Contingencies" in the 2002/03 program year.
 - \$ 20,986 from "Street Paving" in the 2005/06 program year.
 "Park Improvements" was decreased by reprogramming \$29,252 to "Street Paving" in the 2005/06 program year.
- (3) "Handicap Ramp Curb Cuts" was increased by reprogramming \$191,803 from the following:
 - \$ 7,838 and \$17,100 from "Contingencies" in the 2000/01 and 2001/02 program years, respectively.
 - \$ 10,846 from "Park Improvements" in the 2001/02 program year.
 - \$110,458 from "Street Improvements" in the 2002/03 program year.
 - \$ 10,374 from "Chore Service" in the 2002/03 program year.
 - \$ 14,800 and \$20,387 from "Contingencies" in the 2002/03 and 2003/04 program years, respectively.
- (4) "Street Paving" was increased by reprogramming \$451,393 from the following:
 - \$ 65,000 and \$300,000 from "Housing Rehabilitation" in the 1998/99 and 1999/00 program years, respectively.
 - \$ 3,449 from "Contingency and Local Option" in the 1999/00 program year.
 - \$ 56,000 from "Arsenal Acres Clearance" in the 1999/00 program year.
 - \$ 1,423 from "Homeless Prevention" in the 2000/01 program year.
 - \$ 4,428 from "Code Enforcement – Housing Ordinance" in the 2000/01 program year.
 - \$ 21,094 from "Contingencies" in the 2004/05 program year.
 "Street Paving" was decreased by reprogramming \$220,458 to the following:
 - \$110,458 to "Handicap Ramp Curb Cuts" in the 2002/03 program year.
 - \$110,000 to "Fire Safety Equipment" in the 2003/04 program year.
- (5) "Housing Support Services" was increased by reprogramming \$2,500 from "Code Enforcement - Housing Ordinance" in the 2001/02 program year and decreased by reprogramming \$1,250 to "Housing Support Services" in the 2004/05 program year.
- (6) "Homeless Prevention" was increased by reprogramming \$16,998 from the following:
 - \$15,000 from "Housing Rehabilitation" in the 2000/01 program year.
 - \$ 1,998 from "Contingencies" in the 2003/04 program year.
- (7) "Contingencies and Local Options" was increased by reprogramming \$35,220 from the following:
 - \$ 3,084 from "Housing Rehabilitation" in the 1998/99 program year.
 - \$ 10,009 from "Contingency and Local Option" in the 1999/00 program year.
 - \$ 3,079 from "Code Enforcement – Housing Ordinance" in the 2001/02 program year.
 - \$ 8,396 from "Chores Services" in the 2001/02 program year.
 - \$ 10,652 from "Handicap Ramp Curb Cuts" in the 2002/03 program year.
 "Contingencies and Local Options" was decreased by reprogramming \$35,220 to the following:
 - \$ 14,800 to "Handicap Ramp Curb Cuts" in the 2002/03 program year.
 - \$ 19,017 to "Park Improvements" in the 2002/03 program year.
 - \$ 1,403 to "Contingency and Local Options" in the 2005/06 program year.
- (8) "Chore Services" was decreased by reprogramming \$10,374 to "Handicap Ramp Curb Cuts" in the 2002/03 program year.
- (9) "Code Enforcement – Housing Ordinance" was decreased by reprogramming \$10,096 to "Street Paving" in the 2004/05 program year.

See accompanying notes to financial statements.

EXHIBIT E-6

CITY OF WARREN, MICHIGAN
COMMUNITY DEVELOPMENT BLOCK GRANT FUND
PROGRAM YEAR 2003/04 – C.D.B.G. No. B-03-MC-26-0016

STATEMENT OF SOURCE AND STATUS OF FUNDS

For the Period July 1, 2003 through June 30, 2006

Total 2003/04 program year funds allocated to recipient	\$ 1,090,000
Add: Unobligated funds reprogrammed from: 2002/03 program year	 110,000
Less: Unobligated funds reprogrammed to: 2002/03 program year 2004/05 program year 2005/06 program year	 (22,386) (6,637) <u>(8,197)</u>
Total 2003/04 program year adjusted resources	\$ 1,162,780
Less: 2003/04 program year funds drawn by recipient	<u>(823,253)</u>
2003/04 program year funds available from HUD	<u>\$ 339,527</u>
 Total 2003/04 program year funds drawn down by recipient	 \$ 823,253
Add: Program income allocated to 2003/04 program year	<u>581,527</u>
Total 2003/04 program year funds received	1,404,780
Less: Funds applied to 2003/04 program year costs	<u>(1,404,780)</u>
2003/04 program year funds held by recipient	<u>-</u>
 Total 2003/04 program year funds available for disposition	 <u>\$ 339,527</u>

See accompanying notes to financial statements.

CITY OF WARREN, MICHIGAN
COMMUNITY DEVELOPMENT BLOCK GRANT FUND
PROGRAM YEAR 2003/04 – C.D.B.G. No. B-03-MC-26-0016

STATEMENT OF PROGRAM COSTS

For the Period July 1, 2003 through June 30, 2006

	Expenditures 7-1-05 to 6-30-06	Authorized Costs	Cumulative Expenditures 7-1-03 thru 6-30-06	Questioned Costs
<u>Program Activity and Related Costs</u>				
Housing Rehabilitation	\$ 41,560	\$ 1,026,527 (1)	\$ 722,169	\$ -
Rehabilitation Delivery	-	170,000	170,000	-
Fire Safety Equipment	-	103,363 (2)	103,363	-
Administrative Costs	-	218,000	218,000	-
Contractual Services:				
CHORE Service	-	29,103 (4)	29,103	-
Code Enforcement – Housing Ordinance	4,664	87,000	66,491	-
Code Enforcement – Rental Ordinance	-	40,000	40,000	-
Housing Support Services	-	10,500	10,500	-
Homeless Shelter	-	20,314 (5)	20,314	-
Abandoned Building Removal	14,336	39,500	24,840	-
Contingency and Local Option	-	- (3)	-	-
	<u>\$ 60,560</u>	<u>\$ 1,744,307</u>	<u>\$ 1,404,780</u>	<u>\$ -</u>

- (1) Original "Housing Rehabilitation" allocation of \$445,000 was increased by \$181,527 from program income earned (original budgeted estimate for program income was \$400,000).
- (2) "Fire Safety Equipment" was increased by reprogramming \$110,000 from "Street Paving" in the 2002/03 program year and decreased by reprogramming \$6,637 to "Street Paving" in the 2004/05 program year.
- (3) "Contingency and Local Option" was decreased by reprogramming \$22,499 to the following:
 \$ 1,998 to "Homeless Prevention" in the 2002/03 program year.
 \$ 20,387 to "Handicap Ramp Curb Cuts" in the 2002/03 program year.
 \$ 114 to "Contingency and Local Option" in the 2005/06 program year.
- (4) "CHORE Service" was decreased by reprogramming \$1,809 to "Street Improvements" and \$4,088 to "Contingency and Local Option" in the 2005/06 program year.
- (5) "Homeless Shelter" was decreased by reprogramming \$2,186 to "Contingency and Local Option" in the 2005/06 program year.

See accompanying notes to financial statements.

EXHIBIT E-8

CITY OF WARREN, MICHIGAN
COMMUNITY DEVELOPMENT BLOCK GRANT FUND
PROGRAM YEAR 2004/05 – C.D.B.G. No. B-04-MC-26-0016

STATEMENT OF SOURCE AND STATUS OF FUNDS

For the Period July 1, 2004 through June 30, 2006

Total 2004/05 program year funds allocated to recipient	\$ 1,053,000
Add: Unobligated funds reprogrammed from:	
2000/01 program year	12,259
2001/02 program year	200,000
2002/03 program year	146,346
2003/04 program year	6,638
Less: Unobligated funds reprogrammed to:	
2002/03 program year	(21,094)
2005/06 program year	<u>(318,937)</u>
Total 2004/05 program year adjusted resources	\$ 1,078,212
Less: 2004/05 program year funds drawn by recipient	<u>(963,839)</u>
2004/05 program year funds available from HUD	<u>\$ 114,373</u>
 Total 2004/05 program year funds drawn down by recipient	 \$ 963,839
Add: Program income allocated to 2004/05 program year	<u>414,599</u>
Total 2004/05 program year funds received	1,378,438
Less: Funds applied to 2004/05 program year costs	<u>(1,378,438)</u>
2004/05 program year funds held by recipient	<u>\$ -</u>
 Total 2004/05 program year funds available for disposition	 <u>\$ 114,373</u>

See accompanying notes to financial statements.

CITY OF WARREN, MICHIGAN
COMMUNITY DEVELOPMENT BLOCK GRANT FUND
PROGRAM YEAR 2004/05 – C.D.B.G. No. B-04-MC-26-0016

STATEMENT OF PROGRAM COSTS

For the Period July 1, 2004 through June 30, 2006

<u>Program Activity and Related Costs</u>	<u>Expenditures 7-1-05 to 6-30-06</u>	<u>Authorized Costs</u>	<u>Cumulative Expenditures 7-1-04 thru 6-30-06</u>	<u>Questioned Costs</u>
Housing Rehabilitation	\$ 17,598	\$ 415,599 (1)	\$ 414,599	\$ -
Rehabilitation Delivery	50,725	100,000	100,000	-
Administrative Costs	58,975	195,600	195,600	-
Planning Study	-	15,000	-	-
Public Improvements:				
Sidewalk Replacement	-	121,063 (6)	121,063	-
Street Paving	-	366,000 (2)	358,939	-
Contractual Services:				
CHORE Service	19,305	35,000	30,270	-
Code Enforcement – Housing Ordinance	38,525	90,500 (5)	65,506	-
Code Enforcement – Rental Ordinance	-	40,000	40,000	-
Housing Support Services	10,400	13,000 (3)	13,000	-
Homeless Shelter	5,156	22,500	22,500	-
Homeless Prevention	9,461	25,000	16,961	-
Abandoned Building Removal	-	20,000	-	-
Contingency and Local Option	-	33,549 (4)	-	-
	<u>\$ 210,145</u>	<u>\$ 1,492,811</u>	<u>\$ 1,378,438</u>	<u>\$ -</u>

- (1) Original "Housing Rehabilitation" allocation of \$601,000 was decreased by \$185,401 from less program income earned than budgeted (original budgeted estimate for program income was \$600,000).
- (2) "Street Paving" was increased by reprogramming \$305,850 from the following:
 \$ 6,638 from "Fire Safety Equipment" in the 2003/04 program year.
 \$ 12,259 from "Street Paving" in the 2000/01 program year.
 \$ 10,096 from "Code Enforcement – Housing Ordinance" in the 2002/03 program year.
 \$ 200,000 from "Housing Rehabilitation" in the 2001/02 program year.
 \$ 76,857 from "Housing Rehabilitation" in the 2002/03 program year.
 "Street Paving" was decreased by reprogramming \$180,000 to "Street Paving" in the 2005/06 program year.
- (3) "Housing Support Services" was increased by reprogramming \$1,250 from "Housing Support Services" in the 2002/03 program year.
- (4) "Contingencies and Local Options" was increased by reprogramming \$58,143 from "Housing Rehabilitation" in the 2002/03 program year and decreased by reprogramming \$24,594 to the following:
 \$ 21,094 to "Street Paving" in the 2002/03 program year.
 \$ 3,500 to "Code Enforcement – Housing Ordinance" in the 2004/05 program year.
- (5) "Code Enforcement – Housing Ordinance" was increased by reprogramming \$3,500 from "Contingency and Local Option" in the 2004/05 program year.
- (6) "Sidewalk Replacement" was decreased by reprogramming \$138,937 to "Street Paving" in the 2005/06 program year.

See accompanying notes to financial statements.

EXHIBIT E-10

CITY OF WARREN, MICHIGAN
COMMUNITY DEVELOPMENT BLOCK GRANT FUND
PROGRAM YEAR 2005/06 – C.D.B.G. No. B-05-MC-26-0016

STATEMENT OF SOURCE AND STATUS OF FUNDS

For the Period July 1, 2005 through June 30, 2006

Total 2005/06 program year funds allocated to recipient	\$ 989,335
Add: Unobligated funds reprogrammed from:	
2002/03 program year	30,655
2003/04 program year	8,197
2004/05 program year	318,937
Less: Unobligated funds reprogrammed to:	
2002/03 program year	<u>(20,986)</u>
Total 2005/06 program year adjusted resources	\$ 1,326,138
Less: 2005/06 program year funds drawn by recipient	<u>(830,636)</u>
2005/06 program year funds available from HUD	<u>\$ 495,502</u>
Total 2005/06 program year funds drawn down by recipient	\$ 830,636
Add: Program income allocated to 2005/06 program year	<u>468,017</u>
Total 2005/06 program year funds received	1,298,653
Less: Funds applied to 2005/06 program year costs	<u>(1,280,815)</u>
2005/06 program year funds held by recipient	<u>\$ 17,838</u>
Total 2005/06 program year funds available for disposition	<u>\$ 513,340</u>

See accompanying notes to financial statements.

CITY OF WARREN, MICHIGAN
COMMUNITY DEVELOPMENT BLOCK GRANT FUND
PROGRAM YEAR 2005/06 – C.D.B.G. No. B-05-MC-26-0016

STATEMENT OF PROGRAM COSTS

For the Period July 1, 2005 through June 30, 2006

<u>Program Activity and Related Costs</u>	<u>Expenditures 7-1-05 to 6-30-06</u>	<u>Authorized Costs</u>	<u>Cumulative Expenditures 7-1-05 thru 6-30-06</u>	<u>Questioned Costs</u>
Housing Rehabilitation	\$ 366,537	\$ 518,736 (1)	\$ 366,537	\$ -
Rehabilitation Delivery	105,633	150,000	105,633	-
Administrative Costs	243,342	290,616 (2)	243,342	-
Public Improvements:				
Sidewalk Replacement	161,218	250,000	161,218	-
Street Paving	285,691	329,012 (3)	285,691	-
Contractual Services:				
CHORE Service	4,593	35,000	4,593	-
Code Enforcement – Housing Ordinance	46,461	100,719 (4)	46,461	-
Code Enforcement – Rental Ordinance	40,000	40,000	40,000	-
Housing Support Services	2,900	14,000	2,900	-
Homeless Shelter	15,190	22,500	15,190	-
Homeless Prevention	4,250	18,000	4,250	-
Child Advocacy	5,000	5,000	5,000	-
Contingency and Local Option	-	20,572 (5)	-	-
	<u>\$ 1,280,815</u>	<u>\$ 1,794,155</u>	<u>\$ 1,280,815</u>	<u>\$ -</u>

- (1) Original "Housing Rehabilitation" allocation of \$463,468 was increased by \$55,268 from more program income earned than budgeted (original budgeted estimate for program income was \$320,000).
- (2) Original "Administrative Costs" allocation of \$277,867 was increased by \$12,749 from more program income earned than budgeted (original budgeted estimate for program income was \$80,000).
- (3) "Street Paving" was increased by reprogramming \$349,998 from the following:
- \$ 29,252 from "Park Improvements" in the 2002/03 program year.
 - \$ 1,809 from "CHORE Service" in the 2003/04 program year.
 - \$ 138,937 from "Sidewalk Improvements" in the 2004/05 program year.
 - \$ 180,000 from "Street Paving" in the 2004/05 program year.
- "Street Paving" was decreased by reprogramming \$20,986 to "Park Improvements" in the 2002/03 program year.
- (4) "Code Enforcement – Housing Ordinance" was increased by reprogramming \$3,719 from "Contingency and Local Option" in the 2005/06 program year.
- (5) "Contingencies and Local Options" was increased by reprogramming \$7,791 from the following:
- \$ 1,403 from "Contingency and Local Option" in the 2002/03 program year.
 - \$ 114 from "Contingency and Local Option" in the 2003/04 program year.
 - \$ 2,186 from "Homeless Shelter" in the 2003/04 program year.
 - \$ 4,088 from CHORE Service" in the 2003/04 program year.
- "Contingencies and Local Options" was decreased by reprogramming \$3,719 to "Code Enforcement – Housing Ordinance" in the 2005/06 program year.

See accompanying notes to financial statements.

EXHIBIT E-12

CITY OF WARREN, MICHIGAN
HOME INVESTMENT PARTNERSHIP FUND
PROGRAM YEAR 1998/99 - H.O.M.E. No. M-98-MC-26-0216

STATEMENT OF SOURCE AND STATUS OF FUNDS

For the Period July 1, 1998 through June 30, 2006

Total 1998/99 program year funds allocated to recipient	\$ 406,001
Add: Unobligated funds reprogrammed from 1997/98 program year	32,570
Less: Unobligated funds reprogrammed to 2000/01 program year	<u>(39,750)</u>
Total program year adjusted resources	398,821
Less: 1998/99 program year funds drawn by recipient	<u>(398,821)</u>
1998/99 program year funds available from HUD	<u>\$ -</u>
Total 1998/99 program year funds drawn down by recipient	\$ 398,821
Add: Program Income	221,894
Rental matching funds	29,192
Community processing fees	300
Local matching contributions received and allocated to 1998/99 program year	<u>150,000</u>
Total 1998/99 program year funds received	800,207
Less: Funds applied to 1998/99 program year costs	<u>(800,207)</u>
1998/99 program year funds held by recipient	<u>\$ -</u>
Total 1998/99 program year funds available for disposition	<u>\$ -</u>

See accompanying notes to financial statements.

CITY OF WARREN, MICHIGAN
HOME INVESTMENT PARTNERSHIP FUND
PROGRAM YEAR 1998/99 - H.O.M.E. No. M-98-MC-26-0216

STATEMENT OF PROGRAM COSTS

For the Period July 1, 1998 through June 30, 2006

	Expenditures 7-1-05 to 6-30-06	Authorized Costs	Cumulative Expenditures 7-1-98 thru 6-30-06	Questioned Costs
<u>Program Activity and Related Costs</u>				
Acquisition/New Construction	\$ -	\$ 572,386 (1)	\$ 572,386	\$ -
Rental Rehabilitation	-	29,192 (2)	29,192	-
Single Family Acquisition Rehabilitation	-	157,728 (3)	157,728	-
Direct Homebuyer Assistance	-	-	-	-
Program Administration	<u>20</u>	<u>40,901 (4)</u>	<u>40,901</u>	<u>-</u>
	<u>\$ 20</u>	<u>\$ 800,207</u>	<u>\$ 800,207</u>	<u>\$ -</u>

- (1) "Acquisition / New Construction" was increased by \$25,000 from more local match contributions received than budgeted and increased by \$76,636 from more program income received than budgeted.
- (2) "Rental Rehabilitation" was decreased by reprogramming \$36,495 to "Single Family Acquisition Rehabilitation" and by reprogramming \$3,255 to "Acquisition / New Construction" in the 2000/01 program year. It was also increased by \$29,192 from more rental matching funds received than budgeted.
- (3) "Single Family Acquisition Rehabilitation" was increased by reprogramming \$25,803 from "Rental Rehabilitation" and by reprogramming \$6,767 from "Single Family Acquisition Rehabilitation" in the 1997/98 program year. It was decreased by \$55,742 from program income not received as budgeted.
- (4) "Program Administration" was increased by \$300 from more processing fees received than budgeted and decreased by \$9,000 from program income not received as budgeted.

See accompanying notes to financial statements.

EXHIBIT E-14

CITY OF WARREN, MICHIGAN
HOME INVESTMENT PARTNERSHIP FUND
PROGRAM YEAR 1999/00 - H.O.M.E. No. M-99-MC-26-0216

STATEMENT OF SOURCE AND STATUS OF FUNDS

For the Period July 1, 1999 through June 30, 2006

Total 1999/00 program year funds allocated to recipient	\$ 437,000
Less: Unobligated funds reprogrammed to: 2002/03 program year	(10,000)
Total program year adjusted resources	\$ 427,000
Less: 1999/00 program year funds drawn by recipient	(427,000)
1999/00 program year funds available from HUD	<u>\$ -</u>
Total 1999/00 program year funds drawn down by recipient	\$ 427,000
Add: Program Income	199,983
Rental matching funds	10,645
Community processing fees	600
Local matching contributions received and allocated to 1999/00 program year	<u>145,136</u>
Total 1999/00 program year funds received	783,364
Less: Funds applied to 1999/00 program year costs	(782,951)
1999/00 program year funds held by recipient	<u>\$ 413</u>
Total 1999/00 program year funds available for disposition	<u>\$ 413</u>

See accompanying notes to financial statements.

CITY OF WARREN, MICHIGAN
HOME INVESTMENT PARTNERSHIP FUND
PROGRAM YEAR 1999/00 - H.O.M.E. No. M-99-MC-26-0216

STATEMENT OF PROGRAM COSTS

For the Period July 1, 1999 through June 30, 2006

	Expenditures 7-1-05 to 6-30-06	Authorized Costs	Cumulative Expenditures 7-1-99 thru 6-30-06	Questioned Costs
<u>Program Activity and Related Costs</u>				
Acquisition/New Construction	\$ -	\$ 534,591 (1)	\$ 534,591	\$ -
Rental Rehabilitation	-	10,645 (2)	10,645	-
Single Family Acquisition Rehabilitation	-	174,540 (3)	174,540	-
Direct Homebuyer Assistance	-	125 (4)	125	-
Program Administration	<u>87</u>	<u>63,463 (5)</u>	<u>63,050</u>	<u>-</u>
	<u>\$ 87</u>	<u>\$ 783,364</u>	<u>\$ 782,951</u>	<u>\$ -</u>

- (1) "Acquisition / New Construction" was increased by \$46,886 from more local match contributions received than budgeted and decreased by \$36,045 from program income not received as budgeted.
- (2) "Rental Rehabilitation" budget was increased by \$10,645 from more rental matching funds received than budgeted.
- (3) "Single Family Acquisition Rehabilitation" was increased by \$125 from more local match contributions received than budgeted and decreased by \$11,135 from program income not received as budgeted.
- (4) "Direct Homebuyer Assistance" was decreased by \$425 from local match contributions not received as budgeted and decreased by reprogramming \$10,000 to "Direct Homebuyer Assistance" in the 2002/03 program year.
- (5) "Program Administration" was increased by \$600 from more processing fees received than budgeted and increased by \$7,163 from more program income received than budgeted.

See accompanying notes to financial statements.

EXHIBIT E-16

CITY OF WARREN, MICHIGAN
HOME INVESTMENT PARTNERSHIP FUND
PROGRAM YEAR 2000/01 - H.O.M.E. No. M-00-MC-26-0216

STATEMENT OF SOURCE AND STATUS OF FUNDS

For the Period July 1, 2000 through June 30, 2006

Total 2000/01 program year funds allocated to recipient	\$ 437,000
Add: Unobligated funds reprogrammed from 1998/99 program year	39,753
Less: Unobligated funds reprogrammed to 2002/03 program year	<u>(73,205)</u>
Total program year adjusted resources	403,548
Less: 2000/01 program year funds drawn by recipient	<u>(334,642)</u>
2000/01 program year funds available from HUD	<u>\$ 68,906</u>
Total 2000/01 program year funds drawn down by recipient	\$ 334,642
Add: Program Income	395,558
Rental matching funds	11,865
Community processing fees	-
Local matching contributions received and allocated to 2000/01 program year	<u>98,000</u>
Total 2000/01 program year funds received	840,065
Less: Funds applied to 2000/01 program year costs	<u>(840,065)</u>
2000/01 program year funds held by recipient	<u>\$ -</u>
Total 2000/01 program year funds available for disposition	<u>\$ 68,906</u>

See accompanying notes to financial statements.

CITY OF WARREN, MICHIGAN
HOME INVESTMENT PARTNERSHIP FUND
PROGRAM YEAR 2000/01 - H.O.M.E. No. M-00-MC-26-0216

STATEMENT OF PROGRAM COSTS

For the Period July 1, 2000 through June 30, 2006

	Expenditures 7-1-05 to 6-30-06	Authorized Costs	Cumulative Expenditures 7-1-00 thru 6-30-06	Questioned Costs
<u>Program Activity and Related Costs</u>				
Acquisition/New Construction	\$ 79,469	\$ 636,013 (1)	\$ 606,373	\$ -
Rental Rehabilitation	-	11,865 (2)	11,865	-
Single Family Acquisition Rehabilitation	-	182,728 (3)	144,250	-
Direct Homebuyer Assistance	-	- (4)	-	-
Program Administration	-	78,365 (5)	77,577	-
Contingencies	-	-	-	-
	<u>\$ 79,469</u>	<u>\$ 908,971</u>	<u>\$ 840,065</u>	<u>\$ -</u>

- (1) "Acquisition / New Construction" was increased by reprogramming \$3,255 from "Rental Rehabilitation" in the 1998/99 program year. It was decreased by \$64,454 from program income not received as budgeted.
- (2) "Rental Rehabilitation" budget was increased by \$11,865 from more rental matching funds received than budgeted. It was decreased by reprogramming \$50,000 to "Acquisition New Construction" in the 2002/03 program year.
- (3) "Single Family Acquisition Rehabilitation" was increased by reprogramming \$36,494 from "Rental Rehabilitation" in the 1998/99 program year and by reprogramming \$3 from "Single Family Acquisition Rehabilitation" in the 1997/98 program year. It was increased by \$6,135 from more program income received than budgeted.
- (4) "Direct Homebuyer Assistance" was decreased by \$550 from local match contributions not received as budgeted. It was decreased by reprogramming \$15,000 to "Acquisition New Construction" in the 2002/03 program year.
- (4) "Program Administration" was decreased by \$6,123 from program income not received as budgeted.
- (5) "Contingencies" was decreased by reprogramming \$8,205 to "Acquisition New Construction" in the 2002/03 program year.

See accompanying notes to financial statements.

EXHIBIT E-18

CITY OF WARREN, MICHIGAN
HOME INVESTMENT PARTNERSHIP FUND
PROGRAM YEAR 2001/02 - H.O.M.E. No. M-01-MC-26-0216

STATEMENT OF SOURCE AND STATUS OF FUNDS

For the Period July 1, 2001 through June 30, 2006

Total 2001/02 program year funds allocated to recipient	\$ 488,000
Less: Unobligated funds reprogrammed to the 2002/03 program year	(101,600)
Less: 2001/02 program year funds drawn by recipient	<u>(164,348)</u>
2001/02 program year funds available from HUD	<u>\$ 222,052</u>
Total 2001/02 program year funds drawn down by recipient	\$ 164,348
Add: Program Income	153,353
Local matching contributions received and allocated to 2001/02 program year	<u>111,186</u>
Total 2001/02 program year funds received	428,887
Less: Funds applied to 2001/02 program year costs	<u>(391,759)</u>
2001/02 program year funds held by recipient	<u>\$ 37,128</u>
Total 2001/02 program year funds available for disposition	<u>\$ 259,180</u>

See accompanying notes to financial statements.

CITY OF WARREN, MICHIGAN
HOME INVESTMENT PARTNERSHIP FUND
PROGRAM YEAR 2001/02 - H.O.M.E. No. M-01-MC-26-0216

STATEMENT OF PROGRAM COSTS

For the Period July 1, 2001 through June 30, 2006

	Expenditures 7-1-05 to 6-30-06	Authorized Costs	Cumulative Expenditures 7-1-01 thru 6-30-06	Questioned Costs
<u>Program Activity and Related Costs</u>				
Acquisition/New Construction	\$ 42,301	\$ 425,868 (1)	\$ 170,470	\$ -
Single Family Acquisition Rehabilitation	-	160,811 (2)	164,649	-
Direct Homebuyer Assistance	-	125 (3)	125	-
Program Administration	-	64,135 (4)	56,515	-
	<u>\$ 42,301</u>	<u>\$ 650,939</u>	<u>\$ 391,759</u>	<u>\$ -</u>

- (1) "Acquisition / New Construction" was decreased by \$265,193 from program income not received as budgeted and increased by \$1,061 from more match received than budgeted.
- (2) "Single Family Acquisition Rehabilitation" was decreased by \$135,389 from program income not received as budgeted. It was decreased by reprogramming \$101,600 to "Acquisition New Construction" in the 2002/03 program year.
- (3) "Direct Homebuyer Assistance" was increased by \$125 from more local match contributions received than budgeted.
- (4) "Program Administration" was decreased by \$26,065 from program income not received as budgeted.

See accompanying notes to financial statements.

EXHIBIT E-20

CITY OF WARREN, MICHIGAN
HOME INVESTMENT PARTNERSHIP FUND
PROGRAM YEAR 2002/03 - H.O.M.E. No. M-02-MC-26-0216

STATEMENT OF SOURCE AND STATUS OF FUNDS

For the Period July 1, 2002 through June 30, 2006

Total 2002/03 program year funds allocated to recipient	\$ 485,000
Add: Unobligated funds reprogrammed from:	
1996/97 program year	4,000
1997/98 program year	30,000
1999/00 program year	10,000
2000/01 program year	73,205
2001/02 program year	101,600
Less: 2002/03 program year funds drawn by recipient	<u>(293,020)</u>
2002/03 program year funds available from HUD	<u>\$ 410,785</u>
Total 2002/03 program year funds drawn down by recipient	\$ 293,020
Add: Program Income	829,461
Local matching contributions received and allocated to 2002/03 program year	<u>146,015</u>
Total 2002/03 program year funds received	1,268,496
Less: Funds applied to 2002/03 program year costs	<u>(1,159,371)</u>
2002/03 program year funds held by recipient	<u>\$ 109,125</u>
Total 2002/03 program year funds available for disposition	<u>\$ 519,910</u>

See accompanying notes to financial statements.

CITY OF WARREN, MICHIGAN
HOME INVESTMENT PARTNERSHIP FUND
PROGRAM YEAR 2002/03 - H.O.M.E. No. M-02-MC-26-0216

STATEMENT OF PROGRAM COSTS

For the Period July 1, 2002 through June 30, 2006

	Expenditures 7-1-05 to 6-30-06	Authorized Costs	Cumulative Expenditures 7-1-02 thru 6-30-06	Questioned Costs
<u>Program Activity and Related Costs</u>				
Acquisition/New Construction	\$ -	\$ 1,213,684 (1)	\$ 717,193	\$ -
Single Family Acquisition Rehabilitation	-	221,172 (2)	169,539	-
Direct Homebuyer Assistance	-	135,925 (3)	135,925	-
Program Administration	-	108,500	136,714	-
	<u>\$ -</u>	<u>\$ 1,679,281</u>	<u>\$ 1,159,371</u>	<u>\$ -</u>

- (1) "Acquisition / New Construction" was decreased by reprogramming \$75,000 to "Direct Homebuyer Assistance" in the 2002/03 program year. It was increased by \$135,289 from more program income received than budgeted and increased by \$35,289 from more local match contributions received than budgeted. It was also increased by reprogramming \$159,805 from the following:
- \$ 50,000 from "Rental Rehabilitation" in the 2000/01 program year.
 - \$ 8,205 from "Contingencies" in the 2000/01 program year.
 - \$101,600 from "Single Family Acquisition Rehabilitation" in the 2001/02 program year.
- (2) "Single Family Acquisition Rehabilitation" was decreased by \$25,828 from less program income received than budgeted.
- (3) "Direct Homebuyer Assistance" was increased by \$925 from more local match contributions received than budgeted. It was also increased by reprogramming \$134,000 from the following:
- \$ 4,000 from "Direct Homebuyer Assistance" in the 1996/97 program year.
 - \$30,000 from "Direct Homebuyer Assistance" in the 1997/98 program year.
 - \$10,000 from "Direct Homebuyer Assistance" in the 1999/00 program year.
 - \$15,000 from "Direct Homebuyer Assistance" in the 2000/01 program year.
 - \$75,000 from "Acquisition New Construction" in the 2002/03 program year.

See accompanying notes to financial statements.

EXHIBIT E-22

CITY OF WARREN, MICHIGAN
HOME INVESTMENT PARTNERSHIP FUND
PROGRAM YEAR 2003/04 - H.O.M.E. No. M-03-MC-26-0216

STATEMENT OF SOURCE AND STATUS OF FUNDS

For the Period July 1, 2003 through June 30, 2005

Total 2003/04 program year funds allocated to recipient	\$ 425,642
Less: 2003/04 program year funds drawn by recipient	<u>(226,275)</u>
2003/04 program year funds available from HUD	<u>\$ 199,367</u>
Total 2003/04 program year funds drawn down by recipient	\$ 226,275
Add: Program Income	646,889
Local matching contributions received and allocated to 2003/04 program year	<u>123,210</u>
Total 2003/04 program year funds received	996,374
Less: Funds applied to 2003/04 program year costs	<u>(844,845)</u>
2003/04 program year funds held by recipient	<u>\$ 151,529</u>
Total 2003/04 program year funds available for disposition	<u>\$ 350,896</u>

See accompanying notes to financial statements.

CITY OF WARREN, MICHIGAN
HOME INVESTMENT PARTNERSHIP FUND
PROGRAM YEAR 2003/04 - H.O.M.E. No. M-03-MC-26-0216

STATEMENT OF PROGRAM COSTS

For the Period July 1, 2003 through June 30, 2006

	Expenditures 7-1-05 to 6-30-06	Authorized Costs	Cumulative Expenditures 7-1-03 thru 6-30-06	Questioned Costs
<u>Program Activity and Related Costs</u>				
Acquisition/New Construction	\$ -	\$ 819,709 (1)	\$ 562,022	\$ -
Single Family Acquisition Rehabilitation	70,259	173,468 (2)	140,259	-
Direct Homebuyer Assistance	-	100,000	100,000	-
Program Administration	-	102,564	42,564	-
	<u>\$ 70,259</u>	<u>\$ 1,195,741</u>	<u>\$ 844,845</u>	<u>\$ -</u>

(1) "Acquisition / New Construction" was increased by \$27,268 from more program income received than budgeted and increased by \$33,210 from more local match contributions received than budgeted.

(2) "Single Family Acquisition Rehabilitation" was increased by \$19,621 from more program income received than budgeted.

See accompanying notes to financial statements.

EXHIBIT E-24

CITY OF WARREN, MICHIGAN
HOME INVESTMENT PARTNERSHIP FUND
PROGRAM YEAR 2004/05 - H.O.M.E. No. M-04-MC-26-0216

STATEMENT OF SOURCE AND STATUS OF FUNDS

For the Period July 1, 2004 through June 30, 2006

Total 2004/05 program year funds allocated to recipient	\$ 424,177
Less: 2004/05 program year funds drawn by recipient	<u>(95,322)</u>
2004/05 program year funds available from HUD	<u>\$ 328,855</u>
Total 2004/05 program year funds drawn down by recipient	\$ 95,322
Add: Program Income	74,311
Local matching contributions received and allocated to 2004/05 program year	<u>134,594</u>
Total 2004/05 program year funds received	304,227
Less: Funds applied to 2004/05 program year costs	<u>(229,163)</u>
2004/05 program year funds held by recipient	<u>\$ 75,064</u>
Total 2004/05 program year funds available for disposition	<u>\$ 403,919</u>

See accompanying notes to financial statements.

CITY OF WARREN, MICHIGAN
HOME INVESTMENT PARTNERSHIP FUND
PROGRAM YEAR 2004/05 - H.O.M.E. No. M-04-MC-26-0216

STATEMENT OF PROGRAM COSTS

For the Period July 1, 2004 through June 30, 2006

	Expenditures 7-1-05 to 6-30-06	Authorized Costs	Cumulative Expenditures 7-1-04 thru 6-30-06	Questioned Costs
<u>Program Activity and Related Costs</u>				
Acquisition/New Construction	\$ 20,000	\$ 284,727 (1)	\$ 58,000	\$ -
Single Family Acquisition Rehabilitation	-	135,938 (2)	-	-
Direct Homebuyer Assistance	32,000	100,000	68,000	-
Program Administration	<u>39,810</u>	<u>112,417</u>	<u>103,163</u>	<u>-</u>
	<u>\$ 91,810</u>	<u>\$ 633,082</u>	<u>\$ 229,163</u>	<u>\$ -</u>

(1) "Acquisition / New Construction" was decreased by \$538,000 from less program income received than budgeted and increased by \$74,594 from more local match contributions received than budgeted.

(2) "Single Family Acquisition Rehabilitation" was decreased by \$17,689 from less program income received than budgeted.

See accompanying notes to financial statements.

EXHIBIT E-26

CITY OF WARREN, MICHIGAN
HOME INVESTMENT PARTNERSHIP FUND
PROGRAM YEAR 2005/06 - H.O.M.E. No. M-05-MC-26-0216

STATEMENT OF SOURCE AND STATUS OF FUNDS

For the Period July 1, 2005 through June 30, 2006

Total 2005/06 program year funds allocated to recipient	\$ 406,985
Less: 2005/06 program year funds drawn by recipient	<u>(158,321)</u>
2005/06 program year funds available from HUD	<u>\$ 248,664</u>
Total 2005/06 program year funds drawn down by recipient	\$ 158,321
Add: Program Income	390,992
Local matching contributions received and allocated to 2005/06 program year	<u>79,000</u>
Total 2005/06 program year funds received	628,313
Less: Funds applied to 2005/06 program year costs	<u>(68,940)</u>
2005/06 program year funds held by recipient	<u>\$ 559,373</u>
Total 2005/06 program year funds available for disposition	<u>\$ 808,037</u>

See accompanying notes to financial statements.

CITY OF WARREN, MICHIGAN
HOME INVESTMENT PARTNERSHIP FUND
PROGRAM YEAR 2005/06 - H.O.M.E. No. M-05-MC-26-0216

STATEMENT OF PROGRAM COSTS

For the Period July 1, 2005 through June 30, 2006

	Expenditures 7-1-05 to 6-30-06	Authorized Costs	Cumulative Expenditures 7-1-05 thru 6-30-06	Questioned Costs
<u>Program Activity and Related Costs</u>				
Acquisition/New Construction	\$ 34,000	\$ 680,446 (1)	\$ 34,000	\$ -
Single Family Acquisition Rehabilitation	-	92,369 (2)	-	-
Direct Homebuyer Assistance	-	60,000	-	-
Program Administration	<u>34,940</u>	<u>44,162 (3)</u>	<u>34,940</u>	<u>-</u>
	<u>\$ 68,940</u>	<u>\$ 876,977</u>	<u>\$ 68,940</u>	<u>\$ -</u>

- (1) "Acquisition / New Construction" was decreased by \$83,792 from less program income received than budgeted and increased by \$34,000 from more local match contributions received than budgeted.
- (2) "Single Family Acquisition Rehabilitation" was decreased by \$68,680 from less program income received than budgeted.
- (3) "Program Administration" was decreased by \$56,537 from less program income received than budgeted.

See accompanying notes to financial statements.

EXHIBIT E-28

CITY OF WARREN, MICHIGAN
HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS
PROGRAM YEAR 2004/05 – ACCOUNT NO. MIH04F002

STATEMENT OF SOURCE AND STATUS OF FUNDS

For the Period July 1, 2004 through June 30, 2006

Total 2004/05 program year funds allocated to recipient	\$ 405,000
Less: 2004/05 program year funds drawn by recipient	<u>(403,411)</u>
2004/05 program year funds available from HUD	<u>\$ 1,589</u>
Total 2004/05 program year funds drawn down by recipient	\$ 403,411
Less: Funds applied to 2004/05 program year costs	<u>(403,411)</u>
2004/05 program year funds held by recipient	<u>\$ -</u>
Total 2004/05 program year funds available for disposition	<u>\$ 1,589</u>

See accompanying notes to financial statements.

CITY OF WARREN, MICHIGAN
HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS
PROGRAM YEAR 2004/05 – ACCOUNT NO. MIH04F002

STATEMENT OF PROGRAM COSTS

For the Period July 1, 2004 through June 30, 2006

	Expenditures 7-1-05 to 6-30-06	Authorized Costs	Cumulative Expenditures 7-1-04 thru 6-30-06	Questioned Costs
<u>Program Activity and Related Costs</u>				
Emergency Housing Assistance	\$ 10,136	\$ 46,892 (1)	\$ 46,892	\$ -
Housing Advocacy Assistance	33,037	114,697 (4)	114,697	-
Tenant Based Rental Assistance	172,804	196,261 (2)	196,261	-
In Home Non-medical Care for Mentally Fragile	6,979	35,000	33,411	-
Administration	5,684	12,150	12,150	-
Contingency and Local Option	-	-(3)	-	-
	<u>\$ 228,640</u>	<u>\$ 405,000</u>	<u>\$ 403,411</u>	<u>\$ -</u>

- (1) "Emergency Housing Assistance" was increased by reprogramming \$6,261 from "Contingency and Local Option" and \$3,739 from "Tenant Based Rental Assistance" and \$6,892 from "Housing Advocacy Assistance" in the 2004/05 program year.
- (2) "Tenant Based Rental Assistance" was decreased by reprogramming \$3,739 to "Emergency Housing Assistance" in the 2004/05 program year
- (3) "Contingency and Local Option" was decreased by reprogramming \$6,261 to "Emergency Housing Assistance" and decreased by reprogramming \$1,589 to "Housing Advocacy Assistance" in the 2004/05 program year.
- (4) "Housing Advocacy Assistance" was decreased by reprogramming \$6,892 to "Emergency Housing Assistance" and increased by reprogramming \$1,589 from "Contingency and Local Option" in the 2004/05 program year.

See accompanying notes to financial statements.

EXHIBIT E-30

CITY OF WARREN, MICHIGAN
HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS
PROGRAM YEAR 2005/06 – ACCOUNT NO. MIH05F002

STATEMENT OF SOURCE AND STATUS OF FUNDS

For the Period July 1, 2005 through June 30, 2006

Total 2005/06 program year funds allocated to recipient	\$ 392,000
Less: 2005/06 program year funds drawn by recipient	<u>(206,589)</u>
2005/06 program year funds available from HUD	<u>\$ 185,411</u>
Total 2005/06 program year funds drawn down by recipient	\$ 206,589
Less: Funds applied to 2005/06 program year costs	<u>(206,489)</u>
2005/06 program year funds held by recipient	<u>\$ 100</u>
Total 2005/06 program year funds available for disposition	<u>\$ 185,511</u>

See accompanying notes to financial statements.

CITY OF WARREN, MICHIGAN
HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS
PROGRAM YEAR 2005/06 – ACCOUNT NO. MIH05F002

STATEMENT OF PROGRAM COSTS

For the Period July 1, 2005 through June 30, 2006

	Expenditures 7-1-05 to 6-30-06	Authorized Costs	Cumulative Expenditures 7-1-05 thru 6-30-06	Questioned Costs
<u>Program Activity and Related Costs</u>				
Emergency Housing Assistance	\$ 41,303	\$ 69,500 (1)	\$ 41,303	\$ -
Housing Advocacy Assistance	47,726	95,500 (2)	47,726	-
Tenant Based Rental Assistance	88,397	170,000	88,397	-
In Home Non-medical Care for Mentally Fragile	19,598	40,000	19,598	-
Administration	9,465	11,760	9,465	-
Contingency and Local Option	-	5,240	-	-
	<u>\$ 206,489</u>	<u>\$ 392,000</u>	<u>\$ 206,489</u>	<u>\$ -</u>

- (1) "Emergency Housing Assistance" was increased by reprogramming \$24,500 from "Housing Advocacy Assistance" in the 2005/06 program year.
- (2) "Housing Advocacy Assistance" was decreased by reprogramming \$24,500 to "Emergency Housing Assistance" in the 2005/06 program year.

See accompanying notes to financial statements.

CITY OF WARREN
COMMENTS & RECOMMENDATIONS
JUNE 30, 2006



RAMIE E. PHILLIPS, JR., P.C. CPA

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January 15, 2007

To the Members of the City Council
and Honorable Mayor
of the City of Warren

I have audited the general purpose financial statements of the City of Warren for the year ended June 30, 2006, and have issued my report thereon dated January 15, 2007. Professional standards require that I provide you with the following information related to my audit.

My Responsibility under Generally Accepted Auditing Standards:

My responsibility, as described by professional standards, is to plan and perform my audit to obtain reasonable, but not absolute, assurance that the general purpose financial statements are free of material misstatement and are fairly presented in accordance with generally accepted accounting principles. Because of the concept of reasonable assurance and because I did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by me.

As part of my audit, I considered the internal control of the City of Warren. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Timeliness of Audit:

The financial statements for the fiscal year ended June 30, 2006 are being issued late due to fact that the Warren Water and Sewer financial staff was unable to close the books and records for the fund until December, 2006. This was a three month improvement over the prior year. During the current year an additional person was added to the accounting staff which contributed greatly to the decrease in time to close the books of the Water and Sewer Fund. It is anticipated that the books and records of the Water and Sewer Fund for the year 2006 will be closed by June 30, 2007.

With Water and Sewer Fund's being closed by June 30, 2007, the City of Warren audit for the fiscal year ending June 30, 2007 should being timely filed with the Michigan State Treasurer by December 31, 2007.

I feel that the City needs to complete its financial statements on a timely basis. This would give management more accurate information to prepare cash flow requirements and budget information.

I recommend that the administration consider adding a person to the controller's staff to help fulfill the additional work load responsibilities due to GASB 34 reporting, increased activity of the Downtown Development Authority, and more internal reviews of internal operations.

Downtown Development Authority:

***Artist Services Contract:**

The Downtown Development Authority Board (DDA) requested the services of an artist to create a visual artwork for the Warren City Square. The Board selected an artist. At the February 16, 2006 DDA Board meeting an invoice in the amount of \$154,000.00 was approved for payment without a signed contract. At the April 20, 2006 status meeting it was noted that the "Contract is being reviewed by City Attorney." The contract was not signed until July 14, 2006.

It is my opinion that a signed contract should be in place prior to the payment of any funds. This would help to eliminate misunderstandings that could result in legal action.

***Construction Contract:**

The DDA Board entered into a contract with an excavating company to perform specific services. At balance sheet date, June 30, 2006, the contractor had been paid approximately \$613,000 over the contract price as adjusted by change orders. After the \$613,000 payment there was no retainage being held.

I do not feel contractors should be paid in full until the final paperwork is complete and the amounts are reconciled.

It is my recommendation that someone should be assigned the responsibility to review all contractor payments prior to issuing a check. This person should be responsible for maintaining a current contract amount schedule to reconcile the requested payment against.

City of Warren Transfer Station:

***Request for Payment:**

As a part of my examination of the books and records of the City of Warren, I review the City Council meetings minutes. I noted that a request for payment to the contracted operator of the transfer station was added to the August 9, 20005 list of bills. The

minutes noted that the bill had the Public Service Director's approval and was missing the purchasing department's approval. At this point in time there was no check number issued. This same request for payment appeared on the August 23, 2005 list of bills for payment. The minutes noted that a councilperson had filed a reconsideration pertaining to her vote at the August 9, 2005 Council meeting.

Upon additional inquiries, it was determined that the request for payment did not have the Director's approval for the August 9, 2005 list of bills. The fact that this request for payment got to the City Council without the required approvals and preparation of a check to be placed on the list of bills indicates a fall down in internal control.

The fall down in the internal control was that the request was not put into the system for processing. It is my recommendation that all requests for payment be placed in the system for proper processing. This would help eliminate these types of problems.

***Contractor's Letter of Credit:**

The City of Warren entered into a contract for the operation and maintenance of its solid waste transfer station, effective October 22, 2001. The previous request for payment was services performed under this contract. I compared the request for payment to the contract to determine that it was within the terms of the contract.

In reviewing the contract and related files, I noted that the contractor's \$1 million letter of credit had expired. This letter of credit was made a part of this contract to assure that the City of Warren would receive its \$840,000 in royalties and that the transfer station would be returned to the City in operating order. This letter of credit gives the City a vehicle to collect any unpaid royalties and to restore the transfer station to a workable condition if the contractor defaults on this contract.

I recommend that the City of Warren take action to have a letter of credit in place as required by the contract. This will help to minimize any potential losses under this contract.

Federal Grants:

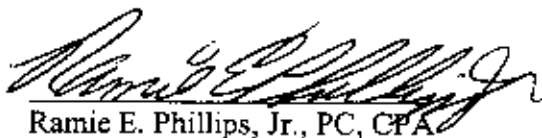
The Community Development Block Grant Committee approved a contract for cement paving of Federal Avenue with the lowest qualified bidder. This construction company is partially owned by a brother of the DDA/TIFA Director. The Director has no decision capabilities or input into the selection process.

To assure that there was no conflict of interest with this contractor, the Assistant Planning Director requested the City Attorney for a legal opinion. At the September 13, 2005 meeting of the City Council the contract was presented for approval with no legal opinion regarding the potential conflict of interest. The contract was approved.

There appeared to be some question as to whether there was a conflict of interest. This issue should have been resolved prior to presenting the contract to the City Council for approval. At a minimum, the City Council should have been put on notice of a potential problem. This would permit the City Council the opportunity to make their decision.

It is my recommendation, when there is a potential conflict, that the City Council be informed prior to taking action on a matter. An open discussion regarding these matters should clear any potential conflict issues.

Sincerely,

A handwritten signature in cursive script, appearing to read "Ramie E. Phillips, Jr.", written over a horizontal line.

Ramie E. Phillips, Jr., PC, CPA